

## SECTION I: DESCRIPTION OF ITEMS PUBLIC

### USPS-FY19-1

This folder is entitled: USPS-FY19-1, Public Cost and Revenue Analysis (PCRA) Report.

USPS-FY19-1, Public Cost and Revenue Analysis (PCRA) report, displays revenues, attributable costs, volume variable costs, unit contribution, cost coverage, volumes, and weights for each of the Postal Service's Market Dominant products. For Competitive products, the report displays summary information.

#### **Predecessor Document**

Docket No. ACR2018, USPS-FY18-1.

#### **Corresponding Non-Public Document**

USPS-FY19-NP11, Non-Public Cost and Revenue Analysis (NPCRA) Report.

#### **Folders used as inputs to USPS-FY19-1**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-31	CRA Model (Public Version)
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) Report
USPS-FY19-NP11	Non-Public Cost and Revenue Analysis Report (NPCRA)
USPS-FY19-NP43	Market Dominant Product Incremental Costs

#### **Folders utilizing outputs from USPS-FY19-1**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-28	Special Cost Studies Workpapers – Special Services
USPS-FY19-30	Market Dominant NSA Materials
USPS-FY19-39	Competitive Products Fund Reporting Materials
USPS-FY19-43	Market Dominant Product Incremental Costs
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-2**

This folder is entitled: USPS-FY19-2, Public Cost Segments and Components Report.

USPS-FY19-2 is an output ("C" report) of the public Cost and Revenue Analysis (CRA) Model (USPS-FY19-31) that displays the volume variable and product specific costs by cost segment and component for domestic Market Dominant products and for domestic Competitive and International products in aggregate. There are 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-2.

**Corresponding Non-Public Document**

USPS-FY19-NP12, Non-Public Cost Segments and Components Report.

**Folders used as inputs to USPS-FY19-2**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-31	CRA Model (Public Version)

**Folders utilizing outputs from USPS-FY19-2**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-27	Marketing Mail Nonprofit Mail Cost Approximations
USPS-FY19-28	Special Cost Studies Workpapers Special Services
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-3**

This folder is entitled: USPS-FY19-3, Discounts and Passthroughs of Workshare Items.

USPS-FY19-3 reports worksharing discounts, cost avoidances, and passthroughs for Market Dominant products.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-3.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-3**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcel Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-21	QBRM and BRM Costs

**USPS-FY19-4**

This folder is entitled: USPS-FY19-4, Market Dominant Product Billing Determinants.

USPS-FY19-4 contains the Postal Service Billing Determinants for domestic Market Dominant products and the distribution of the Market Dominant fees by classes. Billing Determinants provide specific information regarding revenue and volume of postal products and services.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-4.

**Corresponding Non-Public Document**

USPS-FY19-1, Domestic Competitive Product Billing Determinants.

**Folders utilizing outputs from USPS-FY19-4**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcel Mail Processing cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-17	Comprehensive Statement of Postal Operations
USPS-FY19-18	Carrier Route Mail Processing Unit Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-5**

This folder is entitled: USPS-FY19-5, Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version).

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations is an Excel workbook that adjusts amounts reflected in the September general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account, but obtained from another source such as a unique finance number or a subsidiary reporting system. Because this workbook is intended for public distribution, certain account information that pertains to competitive products has been redacted.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-5.

**Corresponding Non-Public Document**

USPS-FY19-NP29, Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version).

**Folders utilizing outputs from USPS-FY19-5**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-31	CRA Model (Public Version)
USPS-FY19-32	CRA "B" Workpapers (Public Version)

**USPS-FY19-6**

This folder is entitled: USPS-FY19-6, General Classification of Accounts.

USPS-FY19-6, General Classification of Accounts, identifies the different types of General Ledger accounts, lists the account numbers, and provides a brief description of each account. It is provided as general background information of a type specifically sought previously, but is not otherwise directly relied upon by the Postal Service in this filing.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-6.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

Since USPS-FY19-6 merely lists and describes accounts, while containing no actual account data, it neither relies on inputs from any other items in this docket, nor generates outputs which are used as inputs to any other items in this docket.

**USPS-FY19-7**

This folder is entitled: USPS-FY19-7, Cost Segment 3 Cost Pools and Other Related Information (Public Portion).

USPS-FY19-7 provides estimates of volume variable costs by Market Dominant product and other related data for Cost Segment (CS) 3.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-7.

**Corresponding Non-Public Document**

USPS-FY19-NP18, Cost Segment 3 Cost Pools and Other Related Information (Non-Public Portion).

**Folders used as inputs to USPS-FY19-7**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-23	MODS Productivity Data
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA)
USPS-FY19-37	In-Office Cost System (IOCS) Documentation (Public Version)

**Folders utilizing outputs from USPS-FY19-7**

	<b>Data/Information Provided</b>
USPS-FY19-2	Cost Segments and Components Report
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcel Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-21	QBRM and BRM Costs
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)

**USPS-FY19-9**

USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-28	Special Cost Studies Workpapers – Special Services
USPS-FY19-31	CRA Model Files (Public Version)
USPS-FY19-32	CRA “B” Workpapers (Public Version)
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50



**USPS-FY19-8**

This folder is entitled: USPS-FY19-8, Equipment and Facility Related Costs.

The primary purpose of USPS-FY19-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY19-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY19-25.

The CRA equipment-related costs are equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). USPS-FY19-8 provides these costs by cost pools, which are defined by equipment type using data from Postal Service accounting and engineering records. The cost pool costs are related to subclass through distribution keys indicated for each pool. Inputs are also provided to the CRA to calculate the distribution key to apportion costs for Intelligent Mail Devices (IMDs) Scanners.

The CRA facility-related costs are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 19.1.2). These costs are divided into cost pools (or by activity) based on the estimates of square feet and rents by operation. These estimates are based on a 1999 facility survey, updated using information on equipment deployments and other operational changes since 1999. The facility space for the recently deployed SPSS have been included in the APBS/APPS categories at plants and NDCs. USPS-FY19-8 also provides a description of the variabilities and distribution keys for these cost pools.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-8.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-8**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-28	Special Cost Studies Workpapers Special Services (Public Version)

**Folders utilizing outputs from USPS-FY19-8**

Folder Number	Data/Information Provided
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)

**USPS-FY19-9**

This folder is entitled: USPS-FY19-9, ACR Roadmap Document.

The purpose of this roadmap to the Postal Service's Annual Compliance Report is to present the subject matter of each ACR folder, explain the interrelationship between the folders, and to describe changes in technical methodologies.

The ACR Roadmap Document contains a brief description of each of the public and non-public folders as well as the flow of inputs and outputs between folders. It also includes a discussion of any methodology changes.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-9.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**USPS-FY19-10**

This folder is entitled: USPS-FY19-10, Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail).

USPS-FY19-10 documents the First-Class Mail presort letters and cards mail-processing unit cost estimates and worksharing-related savings estimates, and the Marketing Mail presort letters mail-processing unit cost estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-10.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-10**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)

**Folders utilizing outputs from USPS-FY19-10**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-21	QBRM and BRM Costs
USPS-FY19-30	Market Dominant NSA Materials

**USPS-FY19-11**

This folder is entitled: USPS-FY19-11, Special Cost Studies Workpapers Flat Cost Models (First-Class Mail and Marketing Mail) & Periodicals Cost Model.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-11.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-11**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-23	MODS Productivity Data
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)

**Folders utilizing outputs from USPS-FY19-11**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-30	Market Dominant NSA Materials
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-12**

This folder is entitled: USPS-FY19-12, Marketing Mail Parcel Mail Processing Cost Model.

USPS-FY19-12 documents the mail processing unit cost estimates for the Marketing Mail machinable, irregular, and marketing parcels price categories.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-12.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-12**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-23	MODS Productivity Data
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)

**Folders utilizing outputs from USPS-FY19-12**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-13	Marketing Mail and Periodicals Cost Model

**USPS-FY19-13**

This folder is entitled: USPS-FY19-13, Marketing Mail and Periodicals Destination Entry Cost Models.

USPS-FY19-13 documents the destination entry cost avoidance estimates for Marketing Mail and Periodicals.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-13.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to the USPS-FY19-13 Marketing Mail destination entry cost model**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	FY 2019 Public Cost and Revenue Analysis (PCRA)
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-12	Marketing Mail Parcel Mail Processing Cost Model
USPS-FY19-14	Mail Characteristics Study
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-32	CRA "B" Workpapers (Public Version)

**Folders used as inputs to the USPS-FY19-13 Periodicals destination entry cost model**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA)
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-14	Mail Characteristics Study
USPS-FY19-23	MODS Productivity
USPS-FY19-25	Operations Piggy Back Factors

**Folders utilizing outputs from USPS-FY19-13**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs

**USPS-FY19-14**

This folder is entitled: USPS-FY19-14, Mail Characteristics Study (Public Portion).

USPS-FY19-14 documents the development of a number of volume and parameter estimates used in the preparation of the ACR. The section titled “RPW by Shape and Indicia” describes the development of revenue, piece, and weight estimates by shape and indicia. Marketing Mail and First-Class Mail estimates by weight increment are also developed. The “Mail Characteristics” section describes the development of preparation and entry characteristics for Marketing Mail flats and letters, and for Periodicals flats.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-14.

**Corresponding Non-Public Document**

USPS-FY19-NP25, Mail Characteristics Study (Non-Public Portion).

**Folders utilizing outputs from USPS-FY19-14**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50



**USPS-FY19-15**

This folder is entitled: USPS-FY19-15, Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model.

USPS-FY19-15 documents the mail processing and delivery costs for Bound Printed Matter and the mail processing unit cost estimates for the Media Mail – Library Mail, price categories.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-15.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-15**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-2	Public Cost Segments and Components
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-22	Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-36	Transportation Cost Systems (TRACS) Documentation (Public Version)
USPS-FY 08-15	2008 Delivery Unit Study

**Folders utilizing outputs from USPS-FY19-15**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model

**USPS-FY19-16**

This folder is entitled: USPS-FY19-16, Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model.

USPS-FY19-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-16.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-16**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-32	CRA “B” Workpapers (Public Version)
USPS-FY19-36	Transportation Cost Systems (TRACS) Documentation (Public Version)

**Folders utilizing outputs from USPS-FY19-16**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items

**USPS-FY19-17**

This folder is entitled: USPS-FY19-17, Annual Report.

The Postal Service publishes a number of reports that are responsive to different legislative requirements. They provide stakeholders with an accounting of our activities and results. To avoid duplication and improve consistency, our Annual Report to Congress, the Comprehensive Statement on Postal Operations, and our Annual Performance Report and Plan are combined in a single document. USPS-FY19-17 consists of that combined Annual Report and includes the Comprehensive Statement on Postal Operations and also contains the Annual Performance Report and Plan.

Since this item is provided as general background information, it is not directly relied upon by the Postal Service in this filing.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-17.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**USPS-FY19-18**

This folder is entitled: USPS-FY19-18, Carrier Route Mail Processing Unit Costs.

USPS-FY19-18 documents the development of mail processing unit costs by shape for the USPS Marketing Mail Carrier Route (CR) price categories. It contains electronic documentation of the spreadsheets and programs used to develop these costs.

**Predecessor Documents**

Docket No. ACR2018, USPS-FY18-18.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-18**

Folder Number	Data/Information Used
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-14	Mail Characteristics Study (Public Portion)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Portion)

**Folders utilizing outputs from USPS-FY19-18**

Folder Number	Data/Information Provided
USPS-FY19-3	Discounts and Passthroughs of Workshare Items

**USPS-FY19-19**

This folder is entitled: USPS-FY19-19, Delivery Costs By Shape.

USPS-FY19-19 documents the development of delivery costs by price category for First-Class Mail, Periodicals, Marketing Mail, Bound Printed Matter, and Media Mail.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-19.

**Corresponding Non-Public Document**

There is no corresponding non-public document

**Folders used as inputs to USPS-FY19-19**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-34	City Carrier Cost System (CCCS) Documentation (Public Version)
USPS-FY19-35	Rural Carrier Cost System (RCCS) Documentation (Public Version)
USPS-FY19-37	In-Office Cost System (IOCS) Documentation (Public Version)

**Folders utilizing outputs from USPS-FY19-19**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-27	Marketing Mail Nonprofit Mail Cost Approximations
USPS-FY19-30	Market Dominant NSA Materials

**USPS-FY19-20**

This folder is entitled: USPS-FY19-20, Window Service Costs by Shape.

USPS-FY19-20 documents the development of window service volume variable costs by shape for Market Dominant First-Class Mail, Marketing Mail, and Marketing Mail carrier route presort mail. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-20.

**Corresponding Non-Public Document**

There is no corresponding non-public document

**Folders used as inputs to USPS-FY19-20**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)

**USPS-FY19-21**

This folder is entitled: USPS-FY19-21, Business Reply Mail Cost Model.

USPS-FY19-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail fee cost estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-21.

**Corresponding Non-Public Document**

There is no corresponding non-public document

**Folders used as inputs to USPS-FY19-21**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)

**Folders utilizing outputs from USPS-FY19-21**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-3	Discounts and Passthroughs of Workshare Items

**USPS-FY19-22**

This folder is entitled: USPS-FY19-22, Bound Printed Matter Mail Processing Costs.

USPS-FY19-22 documents the development of mail processing costs for Bound Printed Matter.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-22.

**Corresponding Non-Public Document**

There is no corresponding non-public document

**Folders used as inputs to USPS-FY19-22**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)

**Folders utilizing outputs from USPS-FY19-22**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model



**USPS-FY19-23**

This folder is entitled: USPS-FY19-23, MODS Productivity Data.

USPS-FY19-23 provides productivity data for selected operations at MODS plants, Network Distribution Centers (NDC), and Remote Encoding Centers (REC).

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-23.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders utilizing outputs from USPS-FY19-23**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Portion)

**USPS-FY19-24**

This folder is entitled: USPS-FY19-24, Non-Operation Specific Piggyback Factors (Public Version).

USPS-FY19-24 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each Market Dominant product. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-24.

**Corresponding Non-Public Document**

USPS-FY19-NP19, Non-Operation Specific Piggyback Factors (Non-Public Version).

**Folders used as inputs to USPS-FY19-24**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

**Folders utilizing outputs from USPS-FY19-24**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcels Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Model
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-20	Window Service Cost by Shape
USPS-FY19-21	QBRM and BRM Costs
USPS-FY19-22	Bound Printed Matter Mail Processing Costs

**USPS-FY19-9**

USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-28	Special Cost Studies Workpapers – Special Services
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50
USPS-FY19- NP10	ICM Data
USPS-FY19- NP26	Special Cost Studies Workpapers – Special Services (Non-public Version)

**USPS-FY19-25**

This folder is entitled: USPS-FY19-25, Mail Processing Piggyback Factors (Operation Specific).

USPS-FY19-25 documents development of the mail processing cost pool piggyback factors and operation specific mail processing piggyback factors. Piggyback factors are employed in cost studies to augment processing cost pool and operations labor costs by adding the costs associated with supervisors and administration, service-wide benefits, and facility-related and equipment-related costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-25.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-25**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

**Folders utilizing outputs from USPS-FY19-25**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcel Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs

**USPS-FY19-9**

USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-20	Window Service Cost by Shape
USPS-FY19-21	QBRM and BRM Costs
USPS-FY19-22	Bound Printed Matter Mail Processing Costs
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-28	Special Cost Studies Workpapers – Special Services
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50
USPS-FY19-NP20	Mail Processing Costs by Shape (Nonpublic Version)

**USPS-FY19-26**

This folder is entitled: USPS-FY19-26, Mail Processing Costs by Shape (Public Version).

USPS-FY19-26 provides mail processing unit costs by shape for First-Class Mail, Periodicals, Marketing Mail and Package Services. These costs are provided by cost pool, and include piggyback or indirect costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-26.

**Corresponding Non-Public Document**

USPS-FY19-NP20, Mail Processing Costs by Shape (Non-Public Version).

**Folders used as inputs to USPS-FY19-26**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)

**Folders utilizing outputs from USPS-FY19-26**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcels Mail Processing Cost Model
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-20	Window Service Cost by Shape
USPS-FY19-21	QBRM and BRM Costs
USPS-FY19-22	Bound Printed Matter Mail Processing Costs
USPS-FY19-30	Market Dominant NSA Materials

**USPS-FY19-27**

This folder is entitled: USPS-FY19-27, Marketing Mail Nonprofit Cost Approximations.

USPS-FY19-27 approximates the unit costs, total costs and contribution associated with Nonprofit Marketing Mail by using the volumes and revenues associated with Nonprofit Marketing Mail in conjunction with estimated unit costs by product, shape and rate category for Marketing Mail. Because the Postal Service's data systems do not collect cost information separately for Nonprofit and Commercial mail, the estimated costs reported for Marketing Mail represent costs for the combined categories. Although it may be reasonable to assume, for instance, that an automation 5-digit presort Nonprofit letter and an automation 5-digit presort Commercial letter would have similar costs, there may be cost-causing characteristics which are not explicitly incorporated into the cost models and which may vary for Nonprofit relative to those for Commercial mail. The Postal Service does not represent that USPS-FY19-27 necessarily reflects the actual costs of Nonprofit mail, but rather, it approximates the costs of Nonprofit mail assuming that the costs of Nonprofit mail are the same as the costs of Marketing Mail, at the disaggregated level.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-27.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-27**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-2	Public Cost Segments and Components
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-12	Marketing Mail Parcels Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-30	Market Dominant NSA Materials

**USPS-FY19-28**

This folder is entitled: USPS-FY19-28, Special Cost Studies Workpapers Special Services (Public Portion).

USPS-FY19-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY19-1. These cost studies include: Address Management Services, Caller Service, Certificate of Mailing, Change of Address Credit Card Authentication (Public Portion), Correction of Mailing Lists, Insurance, Money Order Inquiry, Periodicals Applications, Philatelic Sales and SFS Handling, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation (Public Portion), Stamped Cards, Stamped Envelopes Transportation, Personalized Stamped Envelope Shipping Costs, and ZIP Coding of Mailing Lists.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-28.

**Corresponding Non-Public Document**

USPS-FY19-NP26, Special Cost Studies Workpapers Special Services (Non-Public Portion).

**Folders used as inputs to USPS-FY19-28**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-2	Public Cost Segments and Components Report
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)

**Folders utilizing outputs from USPS-FY19-28**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)



**USPS-FY19-29**

This folder is entitled: USPS-FY19-29, Annual Report on Service Performance for Market Dominant Products.

USPS-FY19-29 contains the Annual Report on the service performance of Market Dominant products.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-29.

**Corresponding Non-Public Document**

USPS-FY19-NP30, Service Performance Material (Non-Public Portions).

**Folders Utilizing Outputs from USPS-FY19-29**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-30**

This folder is entitled: USPS-FY19-30, Market Dominant NSA Materials.

USPS-FY19-30 reports unit costs by product for several products within First-Class and Marketing Mail. Historically, this folder has also reported revenues, costs, volumes and net financial benefits with the Market Dominant NSAs had been in effect during the relevant fiscal year. However, in FY 2019, there were no Market Dominant NSAs in effect so there is no information to report. Thus, no information about Market Dominant NSAs is included in this folder for FY 2019.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-30.

**Corresponding Non-Public Document**

There is no corresponding non-public document. Information on Competitive domestic NSAs can be found in USPS-FY19-NP27.

**Folders used as inputs to USPS-FY19-30**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-19	Carrier Route Mail Processing Unit Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-43	Market Dominant Product Incremental Costs

**Folders utilizing outputs from USPS-FY19-30**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-27	Marketing Mail Nonprofit Cost Approximations
USPS-FY19-NP13	Non-public Cost and Revenue Analysis (NPCRA) Report

**USPS-FY19-31**

This folder is entitled: USPS-FY19-31, CRA Model (Model Files, Cost Matrices, and Reports) (Public Version).

USPS-FY19-31 contains the Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-31.

**Corresponding Non-Public Document**

USPS-FY19-NP13, CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version).

**Folders used as inputs to USPS-FY19-31**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-28	Special Cost Studies Workpapers Special Services (Public Version)
USPS-FY19-30	Market Dominant NSA Materials
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-37	In-Office Cost System (IOCS) Documentation (Public Version)
USPS-FY19-42	Revenues, Pieces, & Weight (Public Version)

**Folders utilizing outputs from USPS-FY19-31**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-2	Public Cost Segments and Components
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-39	Competitive Products Fund Reporting Materials
USPS-FY19-43	Market Dominant Product Incremental Costs

**USPS-FY19-32**

This folder is entitled: USPS-FY19-32, CRA “B” Workpapers (Public Version).

USPS-FY19-32, FY 2019 CRA “B” Workpapers, inputs and calculates volume variable and product specific costs by cost segment, which are used by USPS-FY-19-31, CRA Model, to produce USPS-FY19-2, Cost Segments and Components Report. The work papers calculate costs by product for 12 of the 17 cost segments, including postmasters, supervisors, clerks and mail handlers, in-office city carrier activities, city carrier street activities, rural carriers, purchased transportation, etc. USPS-FY19-32 contains electronic documentation of the spreadsheets and programs used to develop these costs.

USPS-FY19-32 also contains the city carrier letter route street evaluation data that is used to develop the city carrier letter route cost pools in cost segment 7. Moreover, it also contains a report named Report on Estimation of Variabilities for Customer Care Centers Fiscal Year FY2019. This report displays and discusses the results of re-estimating the variability equations included in the Commission directive from Docket No. RM2015-5, Proposal Twelve.

Lastly, this folder includes updated estimates of the net costs associated with the United States Postal Inspection Service for the current and previous fiscal year.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-32.

**Corresponding Non-Public Document**

USPS-FY19-NP14, CRA "B" Workpapers (Non-Public Version).

**Folders used as inputs USPS-FY19-32**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-34	City Carrier Cost System (CCCS) Documentation
USPS-FY19-35	Rural Carrier Cost System (RCCS) Documentation
USPS-FY19-36	Transportation Cost Systems (TRACS) Documentation
USPS-FY19-37	In-Office Cost System (IOCS) Documentation
USPS-FY19-40	Rural Mail Count

**Folders utilizing output from USPS-FY19-32**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-16	Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY19-19	Delivery Costs by Shape
USPS-FY19-30	Market Dominant NSA Materials
USPS-FY19-31	CRA Model
USPS-FY19-45	Flats Material Pursuant to Rule 3050.50

**USPS-FY19-33**

This folder is entitled: USPS-FY19-33, Consumer Access to Postal Services.

USPS-FY19-33 provides information regarding consumer access to postal services. In particular, it provides information regarding post offices, delivery points, collection boxes, and wait time in line.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-33.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**USPS-FY19-34**

This folder is entitled: USPS-FY19-34, City Carrier Cost System (CCCS) Documentation (Public Version).

USPS-FY19-34 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-34.

**Corresponding Non-Public Document**

USPS-FY19-NP22, City Carrier Cost System (CCCS) Documentation (Non-Public Version).

**Folders utilizing outputs from USPS-FY19-34**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-32	CRA “B” Workpapers (Public Version)
USPS-FY19-NP3	International Cost Segments and Components Report
USPS-FY19-NP14	CRA “B” Workpapers, (Non-Public Version)

**USPS-FY19-35**

This folder is entitled: USPS-FY19-35, Rural Carrier Cost System (RCCS) Documentation (Public Version).

USPS-FY19-35 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-35.

**Corresponding Non-Public Document**

USPS-FY19-NP23, Rural Carrier Cost System (RCCS) Documentation (Non-Public Version).

**Folders utilizing outputs from USPS-FY19-35**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP3	International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)



**USPS-FY19-36**

This folder is entitled: USPS-FY19-36, Transportation Cost Systems (TRACS) (Public Version).

USPS-FY19-36 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents coefficients of variation (CV) and confidence intervals for TRACS estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-36.

**Corresponding Non-Public Document**

USPS-FY19-NP24, Transportation Cost Systems (TRACS) (Non-Public Version).

**Folders utilizing outputs from USPS-FY19-36**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY19-NP14	CRA "B" Workpapers

**USPS-FY19-37**

This folder is entitled: USPS-FY19-37, In-Office Cost System (IOCS) Documentation (Public Version).

USPS-FY19-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents CVs and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-37.

**Corresponding Non-Public Document**

USPS-FY19-NP21, In-Office Cost System (IOCS) Documentation (Non-Public Version).

**Folders utilizing outputs from USPS-FY19-37**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY19-32	CRA "B" Workpapers (Public Version)

**USPS-FY19-38**

This folder is entitled: USPS-FY19-38, USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments.

USPS-FY19-38 consists of seven documents. The first six are survey instruments that have been used by the Postal Service to develop measures of customer experience for fiscal year 2019: (a) the Business Service Network (BSN) Survey, which was used to survey accounts in the CRM database that have reported service issues; (b) the Point of Sale (POS) Survey, which was used to survey retail customers who conduct transactions at USPS locations with POS equipment; (c) the Delivery Survey - Residential, random sample of US households that receive mail delivery; (d) the Delivery Survey – SMB, random sample of small/ medium sized businesses (< 250 employees) that receive mail; (e) Large Business Survey which surveys customer satisfaction of businesses with greater than 250 employees ; and (f) the Customer Care Center (CCC), residential customers that call the USPS Care Center and interact with a live agent are surveyed to measure their overall satisfaction with the agent's performance. The seventh document consists of summary customer insights survey data generated by use of the five survey instruments.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-38.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**USPS-FY19-39**

This folder is entitled: USPS-FY19-39, Competitive Products Fund Reporting Materials.

USPS-FY19-39, Competitive Products Fund Reporting Materials, includes a copy of the Postal Service's annual report to the Secretary of the Treasury regarding the Competitive Products Fund, required by section 2011(i), and other Competitive Products Fund materials provided in accordance with Commission Rules 3060.20 through 3060.23. Specifically, that other material includes PRC Forms CP-01, CP-02, CP-03, and CP-04.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-39.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs USPS-FY19-39**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS Periodic Report	The 2019 <i>United States Postal Service Annual Report</i> on Form 10-K
USPS-FY19-NP3	International Cost Segments and Components Report

**USPS-FY19-40**

This folder is entitled: USPS-FY19-40, Rural Mail Count.

USPS-FY19-40 aggregates data collected from the most recent (March 2016) Rural Mail Count (RMC) for two purposes: 1) to determine the sizes of the cost pools by route type ( 'Evaluated' and 'Other'); and 2) to use the results from part 1) to calculate volume variability factors by route type.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-40.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders utilizing outputs from USPS-FY19-40**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)

**USPS-FY19-41**

This folder is entitled: USPS-FY19-41, International Market Dominant Billing Determinants.

USPS-FY19-41 presents the Market Dominant international Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-41.

**Corresponding Non-Public Document**

USPS-FY19-NP8, International Competitive Billing Determinants.

**USPS-FY19-42**

This folder is entitled: USPS-FY19-42, Revenue, Pieces, and Weight Report (Public Version).

USPS-FY19-42 contains the Postal Service Revenue, Pieces, and Weight (RPW) Report.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-42.

**Corresponding Non-Public Document**

USPS-FY19-NP28, Revenue, Pieces and Weight Report (Non-Public Version).

**USPS-FY19-43**

This folder is entitled: USPS-FY19-43, Market Dominant Product Incremental Costs

USPS-FY19-43 provides incremental costs and supporting documentation for Market Dominant products. Also provided are the revenues associated with each row of incremental costs, and the resulting incremental cost coverage. The group incremental costs for four of the six competitive product groups for which volume variable and product specific costs are shown in the Public CRA (USPS-FY19-1) are also displayed. These competitive product costs, however, are developed in USPS-FY19NP10, and are merely reproduced here as results.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-43.

**Corresponding Non-Public Document**

USPS-FY18-NP10, Competitive Product Incremental and Group Specific Costs.

**Folders used as inputs to USPS-FY19-43**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-31	CRA Model (Public Version)
USPS-FY19-NP13	CRA Model (Non Public Version)
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP14	CRA "B" Workpapers (Non Public Version)
USPS-FY19-NP2	International Cost and Revenue Analysis Report (ICRA)



**USPS-FY19-44**

This folder is entitled: USPS-FY19-44, Update to Periodicals Pricing Report

USPS-FY19-44 provides an update to the Periodicals Pricing Report filed on July 26, 2018, as part of the 120-day response to the FY2018 ACD directive.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-44.

**Corresponding Non-Public Document**

There is no corresponding non-public document.

**Folders used as inputs to USPS-FY19-44**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-19	Delivery Costs By Shape

**USPS-FY19-45**

This folder is entitled: USPS-FY19-45, Flats Material Pursuant to Rule 3050.50

USPS-FY19-45 provides the public materials required by Rule 3050.50, adopted in Order No. 5086 (May 8, 2019) at the completion of Docket No. RM2018-1. These materials constitute a variety of information and analysis relating to cost and service issues regarding flat-shaped market dominant products.

**Predecessor Document**

Similar material was presented in previous ACR proceedings and in Docket No. RM2018-1, often in response to Information Requests.

**Corresponding Non-Public Document**

Corresponding nonpublic material is provided in USPS-FY19-NP31, and generally consists of facility-specific information.

**Folders used as inputs to USPS-FY19-45**

In addition to the folders listed below, the inputs for the materials in USPS-FY19-45 come from data systems throughout the Postal Service.

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public CRA
USPS-FY19-2	Cost Segments & Components
USPS-FY19-4	Market Dominant Billing Determinants
USPS-FY19-7	CS03 Costpools
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-14	Mail Characteristics Study (Public Version)
USPS-FY19-23	MODS Productivity Data
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Portion)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-29	Service Performance of Market Dominant Products
USPS-FY19-32	CRA "B" Workpapers (Public Version)

**SECTION I: DESCRIPTION OF ITEMS  
NON-PUBLIC****USPS-FY19-NP1**

This folder is entitled: USPS-FY19-NP1, Domestic Competitive Product Billing Determinants.

The purpose of this item is to provide the Postal Service Billing Determinants for domestic Competitive products. Billing Determinants provide specific information regarding revenue and volume of postal products and services.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP1.

**Corresponding Public Document**

USPS-FY19-4, Domestic Market Dominant Product Billing Determinants.

**Folders utilizing outputs from USPS-FY19-NP1**

Folder Number	Data/Information Provided
USPS-FY19-NP15	Parcel Select / Parcel Return Service Mail Processing cost Model
USPS-FY19-NP16	Parcel Select / Parcel Return Service Transportation Cost Model
USPS-FY19-NP27	Competitive NSA & Nonpostals Materials

**USPS-FY19-NP2**

This folder is entitled: USPS-FY19-NP2, International Cost and Revenue Analysis (ICRA) Report.

USPS-FY19-NP2 contains the Excel model that produced the ICRA report.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP2.

**Corresponding Public Document**

There is no corresponding public document.

**USPS-FY19-NP3**

This folder is entitled: USPS-FY19-NP3, International Cost Segments and Components Report.

USPS-FY19-NP3 contains the electronic version of the International Cost Segments and Components Report.

This item is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model in USPS-FY19-NP4.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP3.

**Corresponding Public Document**

There is no corresponding public document.

**Folders utilizing outputs from USPS-FY19-NP3**

Folder Number	Data/Information Provided
USPS-FY19-NP4	ICRA Domestic Processing Model

**USPS-FY19-NP4**

This folder is entitled: USPS-FY19-NP4, ICRA Domestic Processing Model (Cost matrices, Reports, Control File, & Changes).

USPS-FY19-NP4 contains the Excel ICRA model that produces the international category cost detail associated with the domestic processing, delivery and piggyback cost segments. This folder shows all international costs except domestic transportation, international transportation and settlement charges. The cost matrices, reports and control files to execute the model are contained here.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP4.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP4**

Folder Number	Data/Information Used
USPS-FY19-NP6	International Cost Segment Spreadsheets
USPS-FY19-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY19-NP14	CRA "B" Workpapers

**Folders utilizing outputs from USPS-FY19-NP4**

Folder Number	Data/Information Provided
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) Report

**USPS-FY19-NP5**

This folder is entitled: USPS-FY19-NP5, ICRA Overview/Technical Description.

USPS-FY19-NP5 provides narrative descriptions and documentation of the ICRA production process in two parts. Part 1 is a summary and functional description of the six areas which constitute the development of the ICRA report: domestic processing, domestic transportation, international transportation, international transportation, settlement charges and foreign origin mail, with example pages of the FY 2019 ICRA Report. Part 2 contains technical descriptions and computational details of the same six development areas, technical descriptions of the SIRVO-ODIS and SIRVI data systems, and the final chapter is a user's guide to the Excel ICRA model.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP5.

**Corresponding Public Document**

There is no corresponding public document.

**USPS-FY19-NP6**

This folder is entitled: USPS-FY19-NP6, International Cost Segment Spreadsheets.

USPS-FY19-NP6 contains the workpapers used as inputs to USPS-FY19-NP4 (ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY19-NP4 because these files need to be in that directory to execute the model.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP6.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP6**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP14	CRA "B" Workpapers



**USPS-FY19-NP7**

This folder is entitled: USPS-FY19-NP7, Cost Segment 3 International Subclass Costs by Cost Pools.

USPS-FY19-NP7 provides volume variable labor costs by cost pool and detailed International Mail product for Cost Segment 3 (clerk and mail handler labor) as inputs to the ICRA model.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP7.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP7**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-23	MODS Productivity Data
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**Folders utilizing outputs from USPS-FY19-NP7**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-NP4	ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY19-NP9	Miscellaneous International Data

**USPS-FY19-NP8**

This folder is entitled: USPS-FY19-NP8, Competitive International Billing Determinants.

USPS-FY19-NP8 presents the Competitive international Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP8.

**Corresponding Public Document**

USPS-FY19-41, International Marketing Dominant Billing Determinants.

Inputs come from sources such as GBS Dispatch, PostalOne!, International Accounting Branch (IAB) weight, SIRVO-IODIS, and ODIS-RPW. The data uses the same sources that underlie the ICRA Report. Outputs are used throughout the ICRA process.

**USPS-FY19-NP9**

This folder is entitled: USPS-FY19-NP9, Miscellaneous International Data.

USPS-FY19-NP9 contains miscellaneous documents that are not used in the development of the ICRA, but generally contain material of the type previously filed in response to Commission Rule 103. The miscellaneous documents include data on international joint ventures and coefficients of variation for various functions.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP9.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP9**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP5	ICRA Overview/Technical Description
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**USPS-FY19-NP9A**

This folder is entitled: USPS-FY19-NP9A, Inbound Letter Post Data by Universal Postal Union Country Group and Shape.

USPS-FY19-NP9A contains Inbound Letter Post, revenue, volume, attributable cost, and contribution data by Universal Postal Union country group and by shape, as described in 39 C.F.R. § 3050.21(l). Normally, these data would be included with other miscellaneous materials relating to International mail in USPS-FY19-NP9, the successor folder to USPS-FY18-NP9 in which last year's corresponding country group submission appeared under seal. Last year's version of these data, however, as reproduced by the Commission in PRC-LR-ACR2018-NP3, subsequently became the focus of an ongoing dispute regarding the Commission's determination to unseal. See, e.g., Order No. 5178, Docket No. ACR2018 (August 2, 2019). Under these circumstances, it seems reasonable to segregate this material from the other nonpublic information in USPS-FY19-NP9 of types that have not been involved in the ongoing dispute. Therefore, the country group by shape data are this year presented in this separate nonpublic folder, designated as USPS-FY19-NP9A. Relocation of the material into this separate folder, however, has no effect on its content.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP9.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP9A**

Folder Number	Data/Information Used
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) Report

**USPS-FY19-NP10**

This folder is entitled: USPS-FY19-NP10, Competitive Products Incremental Cost and Group Specific Costs (Non-public Version).

USPS-FY19-NP10 provides incremental costs for Competitive products.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP10.

**Corresponding Public Document**

USPS-FY19-43, Market Dominant Product Incremental Costs.

**Folders used as inputs to USPS-FY19-NP10**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-2	Public Cost Segments and Components
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report
USPS-FY19-NP11	Competitive Product Incremental and Group Specific Costs
USPS-FY19-NP12	Non-public Cost Segments and Components
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials

**USPS-FY19-NP11**

This folder is entitled: USPS-FY19-NP11, Non-Public Cost and Revenue Analysis (NPCRA).

USPS-FY19-NP11, Non-Public Cost and Revenue Analysis (NPCRA) report, displays revenues, attributable costs, volume variable costs, unit contribution, cost coverage, volumes, and weights for each of the Postal Service's products.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP11.

**Corresponding Public Document**

USPS-FY19-1, Public Cost and Revenue Analysis (PCRA) Report.

**Folders used as inputs to USPS-FY19-NP11**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report
USPS-FY19-NP10	Competitive Product Incremental and Group Specific Costs
USPS-FY19-NP-27	Domestic Competitive NSA & Non-Postal Materials

**Folders used as outputs to USPS-FY19-NP11**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-39	Competitive Products Fund Reporting Materials
USPS-FY19-NP10	Competitive Product Incremental and Group Specific Costs

**USPS-FY19-NP12**

This folder is entitled: USPS-FY19-NP12, Non-Public Cost Segments and Components.

USPS-FY19-NP12 is an output ("C" report) of the FY 2019 Cost and Revenue Analysis (CRA) Model (USPS-FY19-NP13) that displays the volume variable and product specific costs by cost segment and component for domestic postal products and International products in aggregate. There are 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP12.

**Corresponding Public Document**

USPS-FY19-2, Public Cost Segments and Components Report.

**Folders used as inputs to USPS-FY19-NP12**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP13	CRA Model

**USPS-FY19-NP13**

This folder is entitled: USPS-FY19-NP13, CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version).

USPS-FY19-NP13 contains the Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP13.

**Corresponding Public Document**

USPS-FY19-31, CRA Model (Model Files, Cost Matrices, and Reports) (Public Version).

**Folders used as inputs to USPS-FY19-NP13**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-28	Special Cost Studies Workpapers Special Services
USPS-FY19-NP14	CRA "B" Workpapers
USPS-FY19-NP19	Cost Segment 3 Cost Pools and Other Related Information
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation
USPS-FY19-NP26	Special Cost Studies Workpapers – Special Services
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials
USPS-FY19-NP28	Revenue, Pieces, and Weight Report
USPS-FY19-NP29	Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations

**Folders utilizing outputs from USPS-FY19-NP13**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-39	Competitive Products Fund Reporting Materials
USPS-FY19-NP4	ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY19-NP10	Competitive Product Incremental and Group Specific Costs
USPS-FY19-NP11	Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY19-NP12	Nonpublic Cost Segments and Components Report
USPS-FY19-NP19	Non-Operation Specific Piggyback Factors (Nonpublic Version)



**USPS-FY19-NP14**

This folder is entitled: USPS-FY19-NP14, CRA “B” Workpapers, (Non-Public Version).

USPS-FY19-NP14 is used to calculate volume variable and product specific costs for Market Dominant products and summary information for Competitive products for 12 of the 17 cost segments. These costs are used as inputs to USPS-FY19-NP13 (Non-Public CRA Model). USPS-FY19-NP14 contains electronic documentation of the spreadsheets and programs used to develop these costs.

USPS-FY19-32 also contains the city carrier letter route street evaluation data that is used to develop the city carrier letter route cost pools in cost segment 7. Moreover, it also contains a report named Report on Estimation of Variabilities for Customer Care Centers Fiscal Year FY2019. This report displays and discusses the results of re-estimating the variability equations included in the Commission directive from Docket No. RM2015-5, Proposal Twelve.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP14.

**Corresponding Public Document**

USPS-FY19-32, CRA "B" Workpapers (Public Version).

**Folders used as inputs to USPS-FY19-NP14**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY 19-40	Rural Mail Count
USPS-FY19-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY19-NP22	City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY19-NP23	Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY19-NP24	Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)
USPS-FY19-NP28	Revenue, Pieces, and Weight Report
USPS-FY19-NP29	Cost Segment and Components Reconciliation to Financial

**Folders utilizing outputs from USPS-FY19-NP14**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-NP4	ICRA Domestic Processing Model
USPS-FY19-NP6	International Cost Segments
USPS-FY19-NP10	Competitive Product Incremental and Group Specific Costs
USPS-FY19-NP13	CRA Model
USPS-FY19-NP27	Domestic Competitive NSA and Nonpostals Materials

**USPS-FY19-NP15**

This folder is entitled: USPS-FY19-NP15, Parcel Select / Parcel Return Service Mail Processing Cost Model.

USPS-FY19-NP15 documents the mail processing unit cost estimates for the Parcel Select and Parcel Return Service price categories.

**Predecessor Document**

Docket No. RM2019-14, Proposal Eight, which was approved by the Commission in Order No. 5299 (November 12, 2019).

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP15**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-23	MODS Productivity Data
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-NP1	Competitive Billing Determinants Data
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-NP20	Mail Processing Costs by Shape (Non-Public)

**Folders utilizing outputs from USPS-FY19-NP15**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-28	Special Cost Studies Workpapers Special Services (Pub Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials

**USPS-FY19-NP16**

This folder is entitled: USPS-FY19-NP16, Parcel Select / Parcel Return Service Transportation Cost Model.

USPS-FY19-NP16 documents the transportation cost estimates for the Parcel Select and PRS price categories.

**Predecessor Document**

Docket No. RM2019-14, Proposal Eight, which was approved by the Commission in Order No. 5299 (November 12, 2019).

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP16**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP1	Competitive Product Billing Determinants
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)
USPS-FY19-NP17	Parcel Select / Parcel Return Service Cube-Weight Relationship Estimation
USPS-FY19-NP19	Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials

**Folders utilizing outputs from USPS-FY19-NP16**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-28	Special Cost Studies Workpapers Special Services (Pub Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials

**USPS-FY19-NP17**

This folder is entitled: USPS-FY19-NP17, Parcel Select / Parcel Return Service Cube-Weight Relationship Estimation.

This folder is used to estimate an econometric equation that represents the relationship between Parcel Select cubic feet per piece and weight by pound increment.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP17.

**Corresponding Public Document**

There is no corresponding public document.

**Folders utilizing outputs from USPS-FY19-NP17**

Folder Number	Data/Information Provided
USPS-FY19-NP16	Parcel Select / Parcel Return Service Transportation Cost Model

**USPS-FY19-NP18**

This folder is entitled: USPS-FY19-NP18, Cost Segment 3 Cost Pools and Other Related Information (Non-Public Portion).

USPS-FY19-NP19 documents the formation of CS 3 cost pools, the development of mail processing accrued costs and volume variable product costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, special cost studies, and NSA cost models. In addition, USPS-FY19-NP19 provides expenses by finance number for CAG K-L post offices, per PRC Order No. 2837, comparable to the Excel file of CAG K-L expenses provided in USPS-FY18-NP44.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP18.

**Corresponding Public Document**

USPS-FY19-7, Cost Segment 3 Cost Pools and Other Related Information (Public Portion).

**Folders used as inputs to USPS-FY19-NP18**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-23	MODS Productivity Data
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report
USPS-FY19-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**Folders utilizing outputs from USPS-FY19-NP18**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-2	Public Cost Segments and Components Report
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-10	Special Cost Studies Workpapers Letter Cost Models (First-Class and Marketing Mail)
USPS-FY19-11	Special Cost Studies Workpapers Flat Cost Models (First-Class and Marketing Mail) & Periodicals Cost Model
USPS-FY19-12	Marketing Mail Parcel Mail Processing Cost Model
USPS-FY19-13	Marketing Mail and Periodicals Destination Entry Cost Models
USPS-FY19-15	Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail, Mail Processing Cost Model
USPS-FY19-21	QBRM and BRM Costs

**USPS-FY19-9**

USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-28	Special Cost Studies Workpapers Special Services
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY19-NP10	ICM Data
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY19-NP14	CRA "B" Workpapers
USPS-FY19-NP15	Parcel Select / Parcel Return Service Mail Processing Cost Model
USPS-FY19-NP20	Mail Processing Costs by Shape (Non- public Version)
USPS-FY19-NP26	Special Cost Studies Workpapers Special Services (Non-public Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials

**USPS-FY19-NP19**

This folder is entitled: USPS-FY19-NP19, Non-Operation Specific Piggyback Factors (Non-Public Version).

USPS-FY19-NP19 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each product. Piggyback factors are employed in cost studies described in “E” below to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP19.

**Corresponding Public Document**

USPS-FY19-24, Non-Operation Specific Piggyback Factors (Public Version).

**Folders used as inputs to USPS-FY19-NP19**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)

**Folders utilizing outputs from USPS-FY19-NP19**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-NP20	Mail Processing Costs by Shape (Non-public Version)
USPS-FY19-NP27	Domestic Competitive NSA & Nonpostals Materials



**USPS-FY19-NP20**

This folder is entitled: USPS-FY19-NP20, Mail Processing Costs by Shape (Non-Public Version).

USPS-FY19-NP20 provides mail processing unit costs by shape for First-Class Package Service, Parcel Select and Parcel Return Services. These costs are provided by cost pool, and include piggyback or indirect costs.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP20.

**Corresponding Public Document**

USPS-FY19-26, Mail Processing Costs by Shape (Public Version).

**Folders used as inputs to USPS-FY19-NP20**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-NP19	Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY19-NP25	Mail Characteristics Study (Non-public Version)

**Folders utilizing outputs from USPS-FY19-NP20**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-27	Marketing Mail Nonprofit Cost Approximations
USPS-FY19-NP15	Parcel Select / Parcel Return Service Mail Processing Cost Model

**USPS-FY19-NP21**

This folder is entitled: USPS-FY19-NP21, In-Office Cost System (IOCS) Documentation (Non-Public Version).

USPS-FY19-NP21 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents CVs and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP21.

**Corresponding Public Document**

USPS-FY19-37, In-Office Cost System (IOCS) Documentation (Public Version).

**Folders utilizing outputs from USPS-FY19-NP21**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-19	Carrier Route Mail Processing Unit Costs
USPS-FY19-20	Window Service Cost by Shape
USPS-FY19-22	Bound Printed Matter Mail Processing Costs
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report
USPS-FY19-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY19-NP9	Miscellaneous International Data
USPS-FY19-NP11	Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY19-NP12	Nonpublic Cost Segments and Components Report
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

**USPS-FY19-NP22**

This folder is entitled: USPS-FY19-NP22, City Carrier Cost System (CCCS) Documentation (Non-Public Version).

USPS-FY19-NP22 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation, and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP22.

**Corresponding Public Document**

USPS-FY19-34, City Carrier Cost System (CCCS) Documentation (Public Version).

**Folders utilizing outputs from USPS-FY19-NP22**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-32	CRA “B” Workpapers (Public Version)
USPS-FY19-NP3	International Cost Segments and Components Report
USPS-FY19-NP14	CRA “B” Workpapers, (Non-Public Version)

**USPS-FY19-NP23**

This folder is entitled: USPS-FY19-NP23, Rural Carrier Cost System (RCCS) Documentation (Non-Public Version).

USPS-FY19-NP23 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation, and confidence intervals for the estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP23.

**Corresponding Public Document**

USPS-FY19-35, Rural Carrier Cost System (RCCS) Documentation (Public Version).

**Folders utilizing outputs from USPS-FY19-NP23**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-19	Delivery Costs By Shape
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP3	International Cost Segments and Components Report
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)

**USPS-FY19-NP24**

This folder is entitled: USPS-FY19-NP24, Transportation Cost Systems (TRACS) Documentation (Non-Public Version).

USPS-FY19-NP24 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents coefficients of variation (CV) and confidence intervals for TRACS estimates.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP24.

**Corresponding Public Document**

USPS-FY19-36, Transportation Cost Systems (TRACS) Documentation (Public Version).

**Folders utilizing output from USPS-FY19-NP24**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-NP2	International Cost and Revenue Analysis (ICRA) report
USPS-FY19-32	CRA "B" Workpapers (Public Version)
USPS-FY19-NP14	CRA "B" Workpapers

**USPS-FY19-NP25**

This folder is entitled: USPS-FY19-NP25, Mail Characteristics Study (Non-Public Portion)

This document includes the detailed distribution by shape and indicia by product category for Priority Mail and Parcel Select.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP25.

**Corresponding Public Document**

USPS-FY19-14, Mail Characteristics Study (Public Portion).

**USPS-FY19-NP26**

This folder is entitled: USPS-FY19-NP26, Special Cost Studies Workpapers Special Services (Non-Public Portion).

USPS-FY19-NP26 documents the unit cost estimates for Address Enhancement Services, Adult Signature, Competitive Post Office Box Service, Credit Card Authentication, Greeting Cards, Package Intercept, Signature Confirmation, and Shipping and Mailing Supplies.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP26.

**Corresponding Public Document**

USPS-FY19-28, Special Cost Studies Workpapers Special Services (Public Portion).

**Folders used as inputs to USPS-FY19-NP26**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-1	Public Cost and Revenue Analysis (PCRA) Report
USPS-FY19-2	Public Cost Segments and Components Report
USPS-FY19-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY19-8	Equipment and Facility Related Costs
USPS-FY19-24	Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY19-25	Mail Processing Piggyback Factors (Operation Specific)
USPS-FY19-26	Mail Processing Costs by Shape (Public Version)
USPS-FY19-NP1	Competitive Product Billing Determinants

**Folders utilizing outputs from USPS-FY19-NP26**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

**USPS-FY19-NP27**

This folder is entitled: USPS-FY19-NP27, Domestic Competitive NSA and Nonpostals Materials.

USPS-FY19-NP27 develops cost estimates for domestic competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP27.

**Corresponding Public Document**

There is no corresponding public document.

**Folders used as inputs to USPS-FY19-NP27**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY19-NP1	Competitive Product Billing Determinants
USPS-FY19-NP12	Non-public Cost Segments and Components Report
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY19-NP14	CRA "B" Workpapers, (Non-Public Version)
USPS-FY19-NP15	Parcel Select / Parcel Return Service Mail Processing Cost Model
USPS-FY19-NP16	Parcel Select / Parcel Return Service Transportation Cost Model
USPS-FY19-NP19	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY19-NP19	Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY19-NP26	Special Cost Studies Workpapers Special Services (Nonpublic Version)

**Folders utilizing outputs from USPS-FY19-NP27**

<b>Folder Number</b>	<b>Data/Information Provided</b>
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)



**USPS-FY19-NP28**

This folder is entitled: USPS-FY19-NP28, Revenue, Pieces, and Weight Report (Non-Public Version).

USPS-FY19-NP28 contains the non-public version of Postal Service Revenue, Pieces, and Weight (RPW) Report. A copy of the RPW Extract File is included as well.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP28.

**Corresponding Public Document**

USPS-FY19-42, Revenue, Pieces, and Weight Report (Public Version).

**USPS-FY19-NP29**

This folder is entitled: USPS-FY19-NP29, Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version).

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version) is an Excel workbook that adjusts amounts reflected in the general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP29.

**Corresponding Public Document**

USPS-FY19-5, Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Public Version).

**Folders utilizing outputs from USPS-FY19-NP29**

<b>Folder Number</b>	<b>Data/Information Used</b>
USPS-FY19-31	CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY19-NP13	CRA Model (Model Files, Cost Matrices, and Reports)

**USPS-FY19-NP30**

This folder is entitled: Service Performance Material (Non-Public Portions).

USPS-FY19-NP30 consists of three sections. The first section contains the non-public portion of the annual report on the service performance of market dominant products. The second section contains non-public materials associated with the FY 2019 Annual Performance Report and FY 2020 Annual Performance Plan. Submission of the second section is consistent with the discussion of the Commission's Analysis of the Postal Service's FY 2018 Annual Performance Report and FY 2019 Annual Performance Plan. The third section contains the commercially sensitive, non-public third-party service performance results on which financial penalties or bonuses are based and estimations of forfeited revenues based on such service performance.

**Predecessor Document**

Docket No. ACR2018, USPS-FY18-NP30.

**Corresponding Public Document**

The corresponding public document on the service performance of market dominant products is USPS-FY19-29, which includes much of the service performance material. The corresponding public portion of the FY 2019 Annual Performance Report and FY 2020 Annual Performance Plan appears as part of the FY 2019 Annual Report (also known as the Annual Report to Congress) found in USPS-FY19-17.

**USPS-FY19-NP31**

This folder is entitled: Nonpublic Flats Material Pursuant to Rule 3050.50.

USPS-FY19-NP31 provides the nonpublic portion of the materials required by Rule 3050.50, adopted in Order No. 5086 (May 8, 2019) at the completion of Docket No. RM2018-1. These materials constitute a variety of information and analysis relating to cost and service issues regarding flat-shaped market dominant products, and the nonpublic portion generally consists of facility-specific information.

**Predecessor Document**

Similar material was presented in previous ACR proceedings and in Docket No. RM2018-1, often in response to Information Requests.

**Corresponding Public Document**

Docket No. ACR2019, USPS-FY19-45, Flats Material Pursuant to Rule 3050.50.

## **SECTION II:      METHODOLOGY CHANGES PUBLIC**

### **USPS FY19-1: Public Cost and Revenue Analysis (PCRA) Report**

Modifications to PCRA Report and PCRA Expanded Workbooks:

1. Within the Market Dominant category, a row was added to reflect the relevant information associated with Other Domestic NSA Ancillary Services. Previously, the row that contained information (see modification #2) about Other [Domestic] Ancillary Services contained market dominant information for both NSA and non-NSA pieces.
2. Within the Market Dominant category, the name of the row Other Ancillary Services was changed to Other Domestic Ancillary Services.

### **USPS-FY19-2: Public Cost Segments and Components Report**

Modifications:

1. The name of component 49 in cost segment 7 was changed to Sunday/Holiday Delivery from Sunday Delivery to more accurately reflect the expenses included in the component.
2. The name of component 187 in cost segment 16 was changed to Expedited Mail Supplies from Misc Attrib PMPC / Intl / DC Supplies & Services to more accurately reflect the expenses included in the component.

### **USPS-FY19-3: Discounts and Passthroughs of Workshare Items**

No methodology changes.

### **USPS-FY19-4: Market Dominant Billing Determinants**

No methodology changes.

### **USPS-FY19-5: Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)**

No methodology changes.

**USPS-FY19-6: General Classification of Accounts**

The contents of USPS-FY19-6 were downloaded from the Postal Service's mainframe computer in December. Therefore, it reflects account information at that time. Account numbers and account descriptions can change on a monthly basis.

**USPS-FY19-7: Cost Segment 3 Cost Pools and Other Related Information (Public Portion)**

No methodology changes.

**USPS-FY19-8: Equipment and Facility Related Costs**

No methodology changes.

**USPS-FY19-9: ACR Roadmap Document**

No methodology changes.

**USPS-FY19-10: Special Cost Studies Workpapers - Letter Cost Models (First-Class and Marketing Mail)**

No methodology changes.

**USPS-FY19-11: Special Cost Studies Workpapers – Flat Cost Models (First-Class and Marketing Mail) and Periodicals Cost Model**

No methodology changes.

**USPS-FY19-12: Marketing Mail Parcel Mail Processing Cost Model**

No methodology changes.

**USPS-FY19-13: Marketing Mail and Periodicals Destination Entry Cost Models**

No methodology changes.

**USPS-FY19-14: Mail Characteristics Study (Public Portion)**

No methodology changes.

**USPS-FY19-15: Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model**

No methodology changes.

**USPS-FY19-16: Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model**

No methodology changes.

**USPS-FY19-17: Annual Report**

No methodology changes.

**USPS-FY19-18: Carrier Route Mail Processing Unit Costs**

No methodology changes.

**USPS-FY19-19: Delivery Costs By Shape**

No methodology changes.

**USPS-FY19-20: Window Service Cost by Shape**

No methodology changes.

**USPS-FY19-21: Business Reply Mail Cost Model**

No methodology changes.

**USPS-FY19-22: Bound Printed Matter Mail Processing Costs**

No methodology changes.

**USPS-FY19-23: MODS Productivity Data**

No methodology changes.

**USPS-FY19-24: Non-Operation Specific Piggyback Factors (Public Version)**

No methodology changes.

**USPS-FY19-25: Mail Processing Piggyback Factors (Operation Specific)**

No methodology changes.

**USPS-FY19-26: Mail Processing Costs by Shape (Public Portion)**

No methodology changes.

**USPS-FY19-27: Marketing Mail Nonprofit Mail Cost Approximations**

No methodology changes.

**USPS-FY19-28: Special Cost Studies Workpapers – Special Services (Public Portion)**

No methodology changes.

**USPS-FY19-29: Service Performance of Market Dominant Products**

No methodology changes.

**USPS-FY19-30: Market Dominant NSA Materials**

No methodology changes.

**USPS-FY19-31: CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)**

Modifications:

1. The name of component 49 in cost segment 7 was changed to Sunday/Holiday Delivery from Sunday Delivery to more accurately reflect the expenses included in the component.
2. The name of component 187 in cost segment 16 was changed to Expedited Mail Supplies from Misc Attrib PMPC / Intl / DC Supplies & Services to more accurately reflect the expenses included in the component.
3. On the D Report, the name of a row changed to Other Domestic Ancillary Services from Other Ancillary Services to more accurately reflect its expenses.
4. On the D Report, a row was added to reflect relevant costs for Market Dominant Other Domestic NSA Ancillary Services

**USPS-FY19-32: CRA “B” Workpapers (Public Version)**

Modifications:

Cost Segments 6&7:

The workbook was modified to respond to Commission Order No. 4972 (January 8<sup>th</sup>, 2019) from Docket No. RM2018-5, Proposal Two. Specifically, a tab named 7.0.6.6 was added to the workbook that separately illustrates the distribution of



relevant Sunday/holiday city carrier costs based PTR data from the most recent fiscal year.

Cost Segment 20:

The workbook was modified to reflect the changes in the treatment of domestic and international indemnities approved by the Commission in Order No. 5213 (August 29<sup>th</sup>, 2019) from Docket No. RM2019-10, Proposal Five. Specifically, tab 20.5.1 in the workbook was changed in accordance to the methods approved by the Commission.

**USPS-FY19-33: Consumer Access to Postal Services**

No methodology changes.

**USPS-FY19-34: City Carrier Cost System (CCCS) Documentation (Public Version)**

In Docket No. RM2018-5, Proposal Two, the Postal Service presented a revised methodology for sampling city carriers. The Commission approved Proposal Two in part in Order No. 4972 (January 8, 2019).

**USPS-FY19-35: Rural Carrier Cost System (RCCS) Documentation (Public Version)**

No methodology changes.

**USPS-FY19-36: Transportation Cost Systems (TRACS) Documentation (Public Version)**

No methodology changes.

**USPS-FY19-37: In-Office Cost System (IOCS) Documentation (Public Version)**

In Docket No. RM2018-5, Proposal Two, the Postal Service presented a revised methodology for sampling city carriers. The Commission approved Proposal Two in part in Order No. 4972 (January 8, 2019).

**USPS-FY19-38: USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments**

No methodology changes.

**USPS-FY19-39: Competitive Products Fund Reporting Materials**

No methodology changes.

**USPS-FY19-40: Rural Mail Count**

No methodology changes.

**USPS-FY19-41: International Market Dominant Billing Determinants**

No methodology changes.

**USPS-FY19-42: Revenue, Pieces, and Weights (Public Version)**

No methodology changes.

**USPS-FY19-43: Market Dominant Product Incremental Costs**

No methodology changes.

**USPS-FY19-44: Update to Periodicals Pricing Report**

No methodology changes.

**USPS-FY19-45: Flats Material Pursuant to Rule 3050.50**

No methodology changes.

## **SECTION II:      METHODOLOGY CHANGES NON-PUBLIC**

### **USPS-FY19-NP1: Domestic Competitive Product Billing Determinants**

No methodology changes.

### **USPS-FY19-NP2: International Cost and Revenue Analysis (ICRA) Report**

This folder was affected by the methodology changes associated with the following rulemaking dockets that were conducted over the past year.

In Docket No. RM2019-7, Proposal Two, the Postal Service presented an improved methodology for estimating revenues for certain inbound LC/AO streams by distributing dispatch format revenue to item formats based upon inbound LC/AO weight-based revenue and item-based revenue for those mail flows that have per-item and per-kilogram terminal dues. The Commission approved Proposal Two in Order No. 5259 (October 1, 2019).

In Docket No. RM2019-8, Proposal Three, the Postal Service presented an improved methodology for the distribution of PRIME enhanced payments. Proposal Three distributes PRIME costs to specific products that incur them, including Commercial e-Packets (CEPK), International Priority Airmail Packets (IPA\_E), and Negotiated Service Agreement (NSA) and non-NSA FCPIs. The Commission approved Proposal Three in Order No. 5269 (October 7, 2019).

In Docket No. RM2019-9, Proposal Four, the Postal Service presented an improved costing methodology for the non-NSA portions of International Priority Airmail (IPA) and International Surface Airlift (ISAL). The proposal treated the non-NSA portions of IPA and ISAL separately from the NSA portions of IPA and ISAL. The Commission approved Proposal Four in Order No. 5305 (November 13, 2019).

### **USPS-FY19-NP3: International Cost Segments and Components Report**

No methodology changes.

### **USPS-FY19-NP4: ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, and Changes)**

No methodology changes.

### **USPS-FY19-NP5: ICRA Overview/Technical Description**

No methodology changes.

**USPS-FY19-NP6: International Cost Segment Spreadsheets**

No methodology changes.

**USPS-FY19-NP7: Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)**

No methodology changes.

**USPS-FY19-NP8: International Competitive Billing Determinants**

No methodology changes.

**USPS-FY19-NP9: Miscellaneous International Data**

No methodology changes.

**USPS-FY19-NP9A: Inbound Letter Post Data by Universal Postal Union Country Group and Shape**

No methodology changes.

**USPS-FY19-NP10: Competitive Product Incremental and Group Specific Costs (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP11: Non-Public Cost and Revenue Analysis (NPCRA) Report**

Modifications to NPCRA Report and NPCRA Expanded Workbooks:

1. Within the Market Dominant category, a row was added to reflect the relevant information associated with Other Domestic NSA Ancillary Services. Previously, the row that contained information (see modification #3) about Other [Domestic] Ancillary Services contained market dominant information that included both NSA and non-NSA pieces.
2. Within the Competitive category, a row was added to reflect the relevant information associated with Other Domestic NSA Ancillary Services. Previously, the row that contained information (see modification #3) about Other [Domestic] Ancillary Services contained competitive information that included both NSA and non-NSA pieces.
3. Within the Market Dominant category, the name of the row Other Ancillary Services was changed to Other Domestic Ancillary Services.

4. Within the Competitive category, the name of the row Other Ancillary Services was changed to Other Domestic Ancillary Services.
5. Within the Competitive category, the row previously labeled Inbound International Expedited Services was removed from the both the NPCRA report and the NPCRA expanded workbooks.

**USPS-FY19-NP12: Non-Public Cost Segments and Components Report**

Modifications:

1. The name of component 49 in cost segment 7 was changed to Sunday/Holiday Delivery from Sunday Delivery to more accurately reflect the expenses included in the component.
2. The name of component 187 in cost segment 16 was changed to Expedited Mail Supplies from Misc Attrib PMPC / Intl / DC Supplies & Services to more accurately reflect the expenses included in the component.

**USPS-FY19-NP13: CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)**

Modifications:

1. The name of component 49 in cost segment 7 was changed to Sunday/Holiday Delivery from Sunday Delivery to more accurately reflect the expenses included in the component.
2. The name of component 187 in cost segment 16 was changed to Expedited Mail Supplies from Misc Attrib PMPC / Intl / DC Supplies & Services to more accurately reflect the expenses included in the component.
3. On the D Report, the name of a row within the Market Dominant category was changed to Other Domestic Ancillary Services from Other Ancillary Services to more accurately reflect its expenses.
4. On the D Report, the name of a row with the Competitive category was changed to Other Domestic Ancillary Services from Other Ancillary Services to more accurately reflect its expenses.
5. On the D Report, a row within the Market Dominant category was added to reflect relevant costs for Other Domestic NSA Ancillary Services.
6. On the D Report, a row within the Competitive category was added to reflect the relevant costs for Other Domestic NSA Ancillary Services.

**USPS-FY19-NP14: CRA “B” Workpapers (Non-Public Version)**

Modifications:

Cost Segments 6&7:

The workbook was modified to respond to Commission Order No. 4972 (January 8<sup>th</sup>, 2019) from Docket No. RM2018-5, Proposal Two. Specifically, a tab named 7.0.6.6 was added to the workbook that separately illustrates the distribution of relevant Sunday/holiday city carrier costs based PTR data from the most recent fiscal year.

Cost Segment 20:

The workbook was modified to reflect the changes in the treatment of domestic and international indemnities that was approved by the Commission in Order No. 5213 (August 29<sup>th</sup>, 2019) from Docket No. RM2019-10, Proposal Five. Specifically, tab 20.5.1 in the workbook was modified in accordance to the methods approved by the Commission.

**USPS-FY19-NP15: Parcel Select / Parcel Return Service Mail Processing Cost Model**

In Docket No. RM2019-14, Proposal Eight, the Postal Service presented a revised Parcel Select / Parcel Return Service mail processing cost model. The revised cost model included a new mail flow for machinable DSCF 3-digit presort parcels. In addition, data from a 2018 Parcel Return Service field study were incorporated into the cost model. The Commission approved Proposal Eight in Order No. 5299 (November 12, 2019).

**USPS-FY19-NP16: Parcel Select / Parcel Return Service Transportation Cost Model**

In Docket No. RM2019-14, Proposal Eight, the Postal Service presented a revised Parcel Select / Parcel Return Service transportation cost model. The costs for Parcel Select Lightweight mail pieces were incorporated into the cost model. The Commission approved Proposal Eight in Order No. 5299 (November 12, 2019).

**USPS-FY19-NP17: Parcel Select / Parcel Return Service Cube-Weight Relationship Estimation**

No methodology changes.

**USPS-FY19-NP18: Cost Segment 3 Cost Pools & Other Related Information (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP19: Non-Operation Specific Piggyback Factors (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP20: Mail Processing Costs by Shape (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP21: In-Office Cost System (IOCS) Documentation (Non-Public Version)**

During the past fiscal year, new questions were added to the data collection instrument to obtain additional data about shape when carriers are handling mail, but the specific mail piece could not be obtained for recordation. These situations arise most frequently when carriers are in the parking lot and are handling hampers. The distribution of mixed-mail tallies using this additional shape information resulted in significant shifts in the shares of costs allocated to products, most noticeably for parcel-shaped products.

**USPS-FY19-NP22: City Carrier Cost System (CCCS) Documentation (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP23: Rural Carrier Cost System (RCCS) Documentation (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP24: Transportation Cost Systems (TRACS) Documentation (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP25: Mail Characteristics Study (Non-Public Portion)**

No methodology changes.

**USPS-FY19-NP26: Special Cost Studies Workpapers – Special Services (Non-Public Portion)**

No methodology changes.

**USPS-FY19-NP27: Domestic Competitive NSA and Nonpostals Materials**

No methodology changes.

**USPS-FY19-NP28: Revenue, Pieces, and Weight Report (Non-Public Version)**

In Docket No. RM2019-11, Proposal Six, the Postal Service presented an improved methodology for Priority Mail Express International RPW reporting. The Commission approved Proposal Six in Order No. 5280 (October 22, 2019).

**USPS-FY19-NP29: Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)**

No methodology changes.

**USPS-FY19-NP30: Service Performance Material (Non-Public Portions)**

No methodology changes.

**USPS-FY19-NP31: Nonpublic Flats Material Pursuant to Rule 3050.50**

No methodology changes.



### SECTION III:

## Material in Response to COMMISSION RULE 3050.12

In Order No. 203, issued April 16, 2009, the Commission introduced new rules regarding special studies. Section 3050.12, Obsolescence, requires the Postal Service to: “provide a list of special studies whose results are used to produce the estimates in its annual periodic reports to the Commission. It shall indicate the date the study was completed and whether the study reflects current operating conditions and procedures. The Postal Service shall update the list annually.”

As there has not been a determination establishing the definition of and listing of the “special studies” to which this rule applies, the Postal Service submits that it is characterizing “special studies” as those analyses that cannot be updated routinely by reference to information contained in ongoing data systems. Analyses that rely solely on information collected and maintained on an ongoing basis in such systems as IOCS, TRACS, CCCS, RCCS, MODS, webEOR, PostalOne!, and other postal databases can be routinely updated and will never be considered “obsolete.” Therefore, such analyses are not being considered “special studies” for purposes of complying with §3050.12. Any studies relying on material developed from the ongoing data systems will necessarily contain documentation that provides the time period for which the data were collected.

For some studies, the data collection was a point in time and all data contained in the study is of the same vintage. For those studies, the “date the study was completed” is relatively easy to ascertain. For other special studies that rely on a variety of inputs from a variety of sources, the “date the study was completed” is not as obvious. Therefore, for each special study of that nature, a short litigation history is provided, describing the dockets in which significant changes to the model were introduced.

As with regard to the “date the study was completed”, there are two types of special studies. The first type of study is one in which the data collection took place at one point in time. For purposes of this document, these studies are referred to as “Periodic Studies.” The question that must be answered for Periodic Studies is whether the information collected when the studies were conducted adequately reflects the processes in place during the fiscal year for which the ACR was prepared. The second type of study is one comprised of a model of postal processes that relies on input data from various sources, some from ongoing data systems, and some from periodic data collection efforts, which are used to estimate costs. For purposes of this document, these studies are referred to as “Cost Model Studies.” The questions that must be answered for Cost Model Studies are: (1) whether the modeled processes accurately represent actual processes in place during the fiscal year for which the ACR was prepared, and (2) whether the inputs used to populate the models are of recent enough vintage to reasonably be used to develop cost estimates for that fiscal year. With regard to the requirement that the Postal Service indicate “whether the study reflects current operating conditions and procedures”, the Postal Service interprets that

requirement to mean that the processes represented were those in place during the fiscal year for which the study results are presented.

Finally, with regard to longer term data collection requirements, the Commission established Docket No. RM2011-3 named 'Priorities for Future Data Collection and Analytical Work Relating to Periodic Reporting'.<sup>1</sup> During its existence, the Postal Service addressed two research topics under this docket: (1) highway variabilities, and (2) city carrier letter route street costs. The Commission approved both proposals proffered by the Postal Service.<sup>2</sup> In November 2015, the Commission closed the docket.<sup>3</sup>

## **Studies Subject to § 3050.12**

In accordance with Commission reporting rule 3050.12, the Postal Service is providing the following list of Periodic Studies and Cost Model Studies whose results are used to produce estimates in its annual compliance reports.

### **Periodic Studies**

#### **Postmaster Variability Study**

The Postmaster Variability Study was completed in 1984. The study used an operational dataset from the Work Service Credit (WSC) system for postmasters at level EAS-23 offices and below to estimate the variability of their costs with respect to volume. At EAS-24 offices and above, the postmaster variability of cost with respect to volume is assumed to be zero. Both the estimated variability for the lower level offices and the supposition of no causal relationship between postmaster costs and changes in volume at EAS-24 offices and above have historically been used in the ACR.

In Docket No. RM2020-2, Proposal Ten, the Postal Service presented a study in which the postmaster variability values were updated and improved. The study was designed to reflect WSC system changes that had been implemented over time. In addition, it was possible to conduct more robust econometric analyses due to the fact that postmaster workload data are now routinely collected for operational purposes. In total, the dataset contained over 13,000 observations. In contrast, the dataset from the 1984 study contained only ten data points due to the lack of available data at the individual office level at that time. While several model specifications were evaluated, the Postal Service ultimately proposed that logistical models, or "logit" models, be used to estimate the variability values. Unlike the previous study, variability values were estimated for each post office EAS category. As a result, volume variable costs are also calculated by post office EAS category in the proposed model.

---

<sup>1</sup> See Order No. 589, November 18, 2010.

<sup>2</sup> Highway Variabilities: See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014. City Carrier Letter Route Street Model: See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

<sup>3</sup> See Order No. 2798, November 3, 2015.

Docket No. RM2020-2 was initiated on November 29, 2019. The Commission has not yet had an opportunity to rule on Proposal Ten. If the Commission were to approve Proposal Ten, the postmaster variability values would reflect the operational environment in the ACR fiscal year.

### **Special Purpose Route Studies**

The Special Purpose Route (SPR) city carrier survey, the Expedited Mail Delivery survey, and the Motorized Letter Route survey were conducted in 1995 and their findings accepted in Docket No. R97-1. SPR carriers primarily deliver parcels and perform collection runs in large metropolitan areas. The study data were collected by SPR carriers, letter route carriers, and clerks who made out-of-office Priority Mail Express deliveries. These employees maintained detailed accounts of their daily activities, including driving time, delivery time, collection time, and delivered volumes. The clerk information was used to estimate the volume variability for out-of-office Priority Mail Express deliveries.

The data collected from SPR and letter route carriers were used to estimate: (1) cost pool proportions for SPR street activities, (2) volume variabilities for SPR actions such as driving and loading the vehicle, and for letter route carriers sweeping collection boxes, and (3) distribution factors by product for delivered and collected mail on SPR. In the ACR, the cost pools and variabilities from the studies are used in conjunction with current In-Office Cost System (IOCS) costs and RPW volume to: (1) determine the volume variable Priority Mail Express out-of-office costs for clerks, (2) establish cost pools and volume variable costs for SPR carrier activities, (3) calculate relevant collection costs for letter route carriers sweeping blue collection boxes, and (4) assign SPR carrier volume variable and product specific collection costs to products.

The distribution factors for the products delivered on SPR have been updated annually using the ongoing City Carrier Cost System – Special Purpose Routes (CCCS-SPR). However, the cost pool proportions, variabilities, and distribution factors for collection mail handled by SPR carriers remain the same as those filed with Docket No. R97-1.

In Docket No. RM2019-6, Proposal One, the Postal Service presented an updated and improved methodology for calculating the SPR carrier costs. A new study was conducted that reflected the substantial changes to SPR carrier operations that have occurred over time. These changes included Sunday delivery, additional peak season processing, mail mix changes, differing pay structures among craft employees, and improved data collection capabilities. Using a combination of Time and Attendance Collection System (TACS) data and operational scanning data, it was possible to include data from all SPR locations in the country while also including all SPR activity hours. Data were collected for one week in each fiscal quarter for analysis providing needed seasonal volume insight for SPR carriers while also accounting for the different pay structures among carriers that may have delivered volume in an SPR capacity. Several model specifications were evaluated. The data were ultimately used to

estimate separate variability values for more representative and concise cost pools: regular delivery (Monday through Saturday), Sunday delivery, and mail collection.

Docket No. RM2019-6 was initiated on June 21, 2019. The Commission has not yet had an opportunity to rule on Proposal One. If the Commission were to approve Proposal One, the SPR variability values and cost pools would reflect the operational environment in the ACR fiscal year.

### **Vehicle Service Driver Study**

The Vehicle Service Driver (VSD) Study was completed in 1993 and its findings accepted in Docket No. R97-1. Vehicle service drivers provide transportation between post offices, stations and branches, other postal facilities including air mail facilities, and some private firms. The study estimated a composite variability of vehicle service driver labor costs with respect to changes in volume. Data sources for the study consisted of a survey of plants and facilities that employ VSD and Postal Service Form 4533 that details route and scheduling information. The composite variability is used in the ACR to determine volume variable costs for vehicle service drivers (cost segment 8).

Because driving activities for vehicle service drivers have generally remained the same, the results of the study reflect the operational environment in the ACR fiscal year. However, network changes may necessitate updating the current variability estimate. VSD volume variable costs are assigned to products based on cubic-foot leg proportions estimated by the ongoing Transportation Cost Systems – Vehicle Service Drivers subsystem (TRACS-VSD). See Docket No. RM2012-5, Order 1462, Proposal Five, September 10, 2012.

### **Highway Variability Study**

The variability of purchased highway transportation cost with respect to volume is estimated to be the product of two other variabilities: the variability of cost with respect to capacity and the variability of capacity with respect to volume. In Docket No. RM2014-6, the Postal Service presented, and the Commission accepted, updated measures of the relationship between purchased highway transportation cost and capacity.<sup>4</sup> In Docket No. RM2016-12, the Postal Service presented, and the Commission accepted, updated measures of the relationship between purchased highway transportation capacity and volume.<sup>5</sup> These variabilities are used in the ACR. Because the highway contract network has remained stable since these updates were completed, the variabilities generally reflect the operating environment in the ACR fiscal year.

---

<sup>4</sup> See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014.

<sup>5</sup> See Docket No. RM2016-12, Proposal Four, Order No. 3973, June 22, 2017.

## **Surface Density Study**

Letter and flat surface densities were last updated in 2009. Parcel densities are now updated annually with TRACS data. The surface densities are used in the ACR to assign relevant costs for vehicle service drivers and purchased surface transportation. Because parcel densities are updated annually with TRACS data and letter and flat densities have shown consistency through time, the surface densities reflect the operating environment in the ACR fiscal year.

## **City Carrier Collection Mail Volume and Source Study (CCCMVSS)<sup>6</sup>**

The CCCMVSS was conducted in the spring of 2013 for two weeks and its findings were incorporated into the new letter route street time cost model that was accepted by the Commission.<sup>7</sup> The CCCMVSS sampled 300 ZIP Codes and had city carriers measure and record their collection volume by source. The three possible sources were: (1) customer receptacles, (2) dedicated collection points, and (3) containerized mail from businesses. The collection volumes were included in the regular delivery equation and a separate variability for collection mail was estimated. Because collection volumes have not materially changed since the study was conducted, the findings of the study reflect the operating environment in the ACR fiscal year.

## **City Carrier Package and Accountable Study (CCPAS)<sup>8</sup>**

The CCPAS was conducted in the spring of 2014 for two weeks and its findings were incorporated into the new letter route street time cost model that was accepted by the Commission.<sup>9</sup> The CCPAS sampled the same 300 ZIP Codes used in the CCCMVSS. CCPAS had carriers measure their street time associated with delivering: (1) in-receptacle parcels, (2) deviation parcels, and (3) accountables by scanning specially designed barcodes. Corresponding volumes by type were also recorded daily. The information collected from the study was used to estimate separate variabilities for in-receptacle parcels, deviation parcels, and accountables. Because street activities associated with the delivery of parcels and accountables have not materially changed, the findings of the study generally reflect the operating environment in the ACR fiscal year.

## **Facility Space Usage Study**

The Facility Space Usage Study was completed in 1999, and its findings accepted in Docket No. R2005-1. The survey assigned the amount of facility space and rental costs to major operation and function. The 1999 survey included 750 facilities with 50 million

---

<sup>6</sup> For more detailed information about the CCCMVSS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 27.

<sup>7</sup> See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

<sup>8</sup> For more detailed information about the CCPAS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 91.

<sup>9</sup> See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

square feet of interior space that were selected using a stratified random sample. Data were collected on the amount of facility space used for each operation and function for the facilities selected. While the survey included only two percent of the Postal Service's facilities, the survey's focus on large facilities resulted in over one-sixth of the Postal Service's 300 million square feet being surveyed. The study estimates of facility space by category have been adjusted annually, based on information on equipment deployments, operational changes and overall Postal Service facility space growth. These adjusted data provide the shares of facility space and rental costs by operation, which are used to apportion facility costs (rents, depreciation, custodial activities, utilities, and building maintenance). These shares are called the facility space and rents factors used in the F Report in the ACR.

In Docket No. RM2020-1, Proposal Nine, the Postal Service presented an update to the facility-related cost methodology. This proposal included the results from a new Facility Space Usage Study that was conducted over a two-year period. The Postal Service began the planning process for a new study in 2017. The data collection phase of the study began in early 2018 and ended roughly 18 months later. The sample frame included 11 mail processing strata and six delivery strata. Space data from the layouts representing 103 mail processing facility groupings and 150 delivery and retail units were collected and disaggregated into space by operation and function. The sample statistics were used to inflate the space data into population estimates using "combined ratio" estimation.

The results from the study would be used as inputs to the facility portion of the analysis that is typically filed in USPS-FY19-8. The Postal Service also proposed changes to USPS-FY19-8 in Proposal Nine.

Docket No. RM2020-1 was initiated on October 31, 2019. The Commission has not yet had an opportunity to rule on Proposal Nine. If the Commission were to approve Proposal Nine, the space-related cost analysis would reflect the operating environment in the ACR fiscal year.

### **Window Service Transaction Study**

The Window Service Transaction Time Study was completed in 2005 and its findings accepted in Docket No. R2006-1. The study measured transaction times by type using a national sample of post offices. The data were used to estimate variabilities of window service costs with respect to different transaction types (e.g., weigh and rate and selling stamps). In the ACR, the estimated variabilities based on the study are used to calculate window service volume variable costs by product.

Because window activities have remained largely unchanged since the study was conducted, its results generally reflect the operating environment in the ACR fiscal year. This study should be updated as resources permit to account for possible operational changes that have occurred at the retail window and to take into consideration new retail products.

## Cost Model Studies

### Letter Cost Models (First-Class Mail and USPS Marketing Mail)

The First-Class Mail presort letters and cards and Marketing Mail presort letters mail processing cost models rely on the overall Docket No. R2006-1 Postal Regulatory Commission methodology, a “hybrid” cost methodology that uses both CRA mail processing unit costs and model-based mail processing unit costs to estimate the mail processing unit costs by price category. For First-Class Mail presort letters and cards, worksharing related savings estimates are calculated using cost benchmarks.

In Docket No. RM2009-3, Order No. 536 (September 14, 2010), the Commission effectively rejected the continued use of the bulk metered mail (BMM) letters cost benchmark. However, no new benchmark was established in that docket. Instead, Order No. 537 (September 14, 2010) established Docket No. RM2010-13 as a proceeding in which interested parties could address cost benchmark issues.

The Commission issued Order No. 1320 (April 20, 2012), establishing the broader metered mail category (an aggregate of metered, IBI, and PVI letters) as the First-Class Mail letters benchmark. From a cost standpoint, the mail processing unit cost estimate for this category of mail has been used as the BMM letters proxy for several years. This portion of the ruling therefore had no impact on the cost avoidance estimates.

Order No. 1320 also determined that the delivery unit cost estimate that most closely approximates the benchmark delivery costs was the non-automation machinable mixed AADC (NAMMA) delivery unit cost estimate. This estimate had also been used as the BMM letters proxy for several years. This portion of the ruling therefore also had no impact on the cost avoidance estimates.

The Commission did, however, implement a methodology change in Order No. 1320 that increased the cost avoidance estimates. Specifically, the Commission ruled that 60 percent of the collection costs should be incorporated into the cost avoidance estimates.

Other modifications have been made to the letter models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1. In Docket No. ACR2008, the Postal Service presented an updated version of the automated and manual density tables, which the Commission subsequently approved.

In Docket No. RM2011-5, Proposal Nine, the Postal Service recommended that the following input data should be incorporated into the letter cost models: (1) a revised automation density table, (2) a revised manual density table, (3) a post office box destination percentage developed using carrier piece count (CPC) data, (4) a modified plant carrier route finalization percentage, (5) new manual incoming secondary and post office box walling productivity data that were collected during a 2010 field study, and (6)

a revised remote bar code system (RBCS) leakage target. The Postal Service also recommended the incorporation of a new bundle sorting methodology.

In Order No. 741 (June 3, 2011), the Commission approved all of the proposed changes except the new productivity values and the use of the RBCS leakage target. The Commission rejected the new productivity values due to concerns about the level of variation exhibited by the data. Given that the incoming secondary manual sorting operation and the walling operation had not changed significantly since the previous study was conducted, they determined that the model should continue to rely on the older productivity values. The Commission also ruled that the use of actual leakage rate data was preferable to the use of leakage targets, despite the age of the data.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In the 2010 Annual Compliance Determination (ACD), the Commission directed the Postal Service to disaggregate the mail processing unit cost estimates for the USPS Marketing Mail presort letters non-automation machinable MAADC and AADC price categories. The Postal Service filed a revised USPS Marketing Mail presort letters mail processing cost model in response to that directive, in Docket No. RM2012-1, Proposal Twelve. The Commission approved Proposal Twelve in Order No. 1153 (January 20, 2012). For consistency reasons, the Postal Service also proposed that the same change should be made to the First-Class Mail presort letters and cards mail processing cost model in Docket No. RM2012-2, Proposal Nineteen. The Commission approved Proposal Nineteen in Order No. 1383 (June 26, 2012).

In Docket No. RM2014-1, Proposal Eight, the Postal Service proposed changes to MODS operation groups that are used as inputs for the cost models. The changes included: (1) discontinuation of LIPS, ISS/OSS Return to Sender groups, and (2) consolidation of Manual Letters into Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-10 cost models to show the impact of the proposal. The Commission issued Order No. 2076 (May 8, 2014) ruling on each proposed change.

The Postal Service presented a reorganization of the MODS, NDC, and NONMODS mail processing cost pools in Docket No. RM2018-10, Proposal Seven. The Commission subsequently approved Proposal Seven in Order No. 4855 (October 12, 2018). The cost pools presented in the 'CRA – Metered Letters', 'CRA – Presort Letters', 'CRA – Presort Cards' worksheets of the USPS-FY18-10 First-Class Mail and "CRA – Presort Letters' worksheet of the Marketing Mail letters mail processing cost models were modified to comply with the Order No. 4855 methodology.

In Docket No. RM2019-1, Proposal Eight, the Postal Service proposed three modifications to the letter cost models. Modification 1 changed the mapping of the entry-point of automation MAADC mail from Outgoing Secondary to Outgoing Primary to reflect current operating flows. Modification 2 corrected the Delivery Barcode Sorter



Input/Output Sub-System (DIOSS) operations' treatment of rejects to that of traditional OSS/ISS operations for treatment of pieces flowing to manual operations and to OSS operations. Modification 3 proposed a new calculation of the benchmark for USPS Marketing Mail automation MAADC to determine the value of the barcode. The Commission issued Order No. 4894 (November 28, 2018) approving each proposed modification.

As the processing environment for letters has been stable in recent years, the letters and cards mail processing models (USPS-FY19-10) can be viewed as representing the operating conditions in the ACR fiscal year. In addition, the age of the cost model input data should ensure that the cost estimates are robust, based on past Commission comments in the rulings cited above.

**Flats Cost Models (First-Class Mail, Marketing Mail, and Periodicals Outside-County)**

The First-Class Mail presort flats, Marketing Mail presort flats, and Periodicals Outside-County flats mail processing cost models rely on the Docket No. R2006-1, Commission methodology. Several modifications have been made to the flat models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1.

In Docket No. ACR2007, the Postal Service made several improvements to the Periodicals cost model in order to resolve internal inconsistencies.

In Docket No. RM2009-1, Proposal Twelve, the Postal Service proposed thirteen modifications that involved the updating of old parameters and the development of new parameters for the flat cost models. In Order No. 170 (January 12, 2009), the Commission approved twelve of the thirteen postal proposals. The thirteenth proposal was approved with a refinement proposed by Time Warner.

In Docket No. RM2009-10, Proposal Twelve, the Postal Service filed a version of the Periodicals cost model in order to clarify the manner in which the "auto/mech" incoming secondary coverage factor should be applied. The Commission approved Proposal Twelve in Order No. 339 (November 13, 2009).

In Docket No. RM2010-4, Proposal Twenty-Five, the Postal Service presented three modifications for the flats cost models. The Commission approved Proposal Twenty-Five in Order No. 399 (January 27, 2010).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-2, Proposal Eighteen, the Postal Service presented four modifications for the flats cost models. The Commission approved Proposal Eighteen, with one refinement, in Order No. 1383 (June 26, 2012).

In Docket No. RM2012-8, Proposal Nine, the Postal Service presented eight modifications for the flats cost models. The Commission issued Order No. 1656 (February 14, 2013) ruling on all modifications.

In Docket No. RM2014-1, Proposal Eight, similar to the above mentioned in the letter cost models section, the Postal Service proposed changes to the MODS operation groups used as inputs for the cost models. The changes included: (1) discontinuation of LIPS, and (2) consolidation of UFSM1000 and Manual Flats into corresponding Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-11 cost models to show the impact of the proposal. The Commission issued Order No. 2076 (May 8, 2014), ruling on each proposed change.

On August 5, 2015, the Postal Service filed Proposals Seven through Nine (Docket Nos. RM2015-16 through RM2015-18 respectively) in response to Commission's directives on page 63 in Order No. 2472 (May 7, 2015).

Proposal Seven Section One (Docket No. RM2015-16) proposed to modify the modeling methodology used in the USPS Marketing Mail Flats Cost Model so as to produce estimates of mail processing cost avoidances of Flats Sequencing System (FSS) presorted USPS Marketing Mail Flats. The Commission approved Proposal Seven Section One in Order No. 2839 (November 25, 2015).

Proposal Seven Section Two (Docket No. RM2015-16) proposed to disaggregate the delivery costs for Periodicals Flats, USPS Marketing Mail Flats, Bound Printed Matter Flats, and Carrier Route Flats between those destinating in FSS and Non-FSS zones. The Commission approved Proposal Seven Section Two in Order No. 2839 (November 25, 2015).

Proposal Eight (Docket No. RM2015-17) proposed to modify the modeling methodology used in the USPS Marketing Mail flats cost model so as to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit Carrier Routes pallets. The Commission approved Proposal Eight in Order No. 2742 (October 1, 2015).

Proposal Nine (Docket No. RM2015-18) proposed to explain the changes in the Periodicals cost model to explicitly identify the bottom-up costs of processing Carrier Route Pallets. The Commission approved Proposal Nine in Order No. 2741 (October 1, 2015).

The Postal Service presented a reorganization of the MODS, NDC, and NONMODS mail processing cost pools in Docket No. RM2018-10, Proposal Seven. The Commission subsequently approved Proposal Seven in Order No. 4855 (October 12, 2018). The cost pools presented in the 'CRA Presort Flats' and 'CRA flats', worksheets of the USPS-FY18-11 First-Class Mail flats and Marketing Mail flats mail processing cost models respectively were modified to comply with the Order No. 4855 methodology.

Over time, the Postal Service has continuously tried to improve the flats mail processing cost models. The First-Class Mail presort flats, USPS Marketing Mail presort flats, and Periodicals Outside-County flats mail processing cost models (USPS-FY19-11) can therefore be viewed as representing the operating conditions in the ACR fiscal year. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Marketing Mail Parcel Mail Processing Cost Model**

Prior to Docket No. R2006-1, the Postal Service did not develop and maintain a USPS Marketing Mail parcel mail processing cost model because there was no need to do so. USPS Marketing Mail flats and parcels were both assessed “nonletter” prices, with parcels also being assessed a residual shape surcharge. In Docket No. R2006-1, the Postal Service proposed separate and distinct prices for USPS Marketing Mail flats and parcels, and proposed a new classification for “not flat-machinable” (NFM) mail pieces. NFMs were classified to be mail pieces that were typically assessed flats prices, but were often processed as parcels.

In the absence of any formal USPS Marketing Mail parcel mail processing cost model, a cost analysis to support these proposals was provided in Docket No. R2006-1, USPS-LR-L-45. This analysis estimated the additional mail processing costs required to process parcels and NFM mail pieces in comparison to an average USPS Marketing Mail flat. This study was subsequently updated in Docket Nos. ACR2007, ACR2008, and ACR2009.

This study did not develop unique costs for NFMs because many of the usual data elements (conversion factors, downflow densities, etc.) required by mail flow models had not been available for NFMs in isolation from parcels. In its 2008 ACD, the Commission directed the Postal Service to develop “reliable cost data for these categories and make the necessary adjustments to discounts to reflect 100 percent or less of the avoided costs.” ACD2008, page 70.

In response to that directive, the Postal Service introduced a new model in Docket No. RM2010-12, Proposal Seven. Proposal Seven introduced a mail flow based model of mail processing costs for USPS Marketing Mail Parcels and NFMs. This new model relied on methodological approaches similar to those embedded in the mail processing models for letters, flats and other parcels, and estimated mail processing unit costs for the machinable, irregular and NFM price categories. The Commission approved the Proposal Seven cost model in Order No. 658 (January 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed “Lightweight Parcel Select” and were moved to the Parcel Select Competitive

product. In addition, the NFM price categories were eliminated and new “marketing” parcel price categories were established in their place. These changes, however, did not necessitate that any methodological changes be made to the cost model because some Commercial NFMs still existed after the January changes and the Non-Profit machinable, irregular, and NFM / marketing price categories were identical to the price categories that existed prior to the January 2012 changes.

In Docket No. ACR2013, the USPS Marketing Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to Chairman’s Information Request (ChIR) No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 USPS Marketing Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. The Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the USPS Marketing Mail parcel mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

The Postal Service presented a reorganization of the MODS, NDC, and NONMODS mail processing cost pools in Docket No. RM2018-10, Proposal Seven. The Commission subsequently approved Proposal Seven in Order No. 4855 (October 12, 2018). The cost pools presented in the 'Cost Pool Data' worksheet (page 3) of the USPS-FY18-12 Marketing Mail mail processing cost model were modified to comply with the Order No. 4855 methodology.

Based on this recent activity, the Marketing Mail Parcel mail processing cost model (USPS-FY19-12) can be viewed as representing the operating conditions in the ACR fiscal year. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Marketing Mail and Periodicals Destination Entry Cost Avoidance Models**

These models provide the destination entry cost avoidance estimates for Marketing Mail letters, flats, and parcels, and Periodicals. They rely on the Docket No. R2006-1

methodology and subsequent cost model modifications described in Docket No. ACR2007, USPS-FY07-13.

While the overall estimating methodology is the same as that relied upon in the earlier models, the USPS Marketing Mail analysis was expanded in Docket No. ACR2008 to estimate cost avoidances by shape (letters, flats, and parcels/NFMs). A shape-specific analysis was possible in that docket because the USPS Marketing Mail line items in the CRA report became available in more disaggregated form. In the 2008 ACD, however, the Commission continued to rely on the aggregate (all shapes combined) cost avoidance estimates and recommended that the Postal Service present the shape-specific analysis in a separate docket. A shape-specific analysis was subsequently presented in Docket No. RM2009-10, Proposal Thirteen. The Commission approved the Proposal Thirteen destination entry cost model in Order No. 339 (November 13, 2009).

As described above, the USPS Marketing Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to ChIR No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 USPS Marketing Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. In addition, the Postal Service proposed that the analysis should be consolidated into one Excel workbook, an error in the analysis should be corrected, obsolete operations and input data should be removed from the cost model, and more recent productivity data should be incorporated into the cost model. The Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the USPS Marketing Mail destination entry cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the destination entry cost models (USPS-FY19-13) can be viewed as representing the operating conditions in the ACR fiscal year. The age of some cost model input data, however, is a concern. The Postal Service will investigate whether it is possible to update some of the older input data in these cost models.

**Media Mail – Library Mail – Mail Processing Cost Model**

The Media Mail - Library Mail mail processing cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology to develop total mail processing unit cost estimates by price category. After the 2009 ACR was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the Media Mail – Library Mail model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service presented alternative data inputs to the Media Mail - Library Mail mail processing cost model. Upon further review, the Postal Service determined that the best estimate of the Parcel Post single-piece Intra-NDC volume percentage was obtained by dividing the sum of the volumes for zones 1, 2, and 3, by the total volume. In FY 2008, the last year Intra-NDC Parcel Post volume data were available separately from Inter-NDC data, nearly 96 percent of the Intra-NDC mail volume was found in zones 1, 2, and 3, indicating that the percentage of mail volume represented by those zones would be a good approximation for the Intra-NDC volume percentage. The Postal Service therefore proposed that this estimate be calculated annually from the Parcel Post (now Retail Ground) volume, cubic feet, and weight data and incorporated into future versions of the Media Mail - Library Mail mail processing cost model. The Commission approved Proposal Twelve in Order No. 724 (May 4, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-1, Proposal Thirteen, the Postal Service presented a new Media Mail – Library Mail mail processing cost model that relied on the Docket No. RM2010-12, Proposal Seven, methodology. The Commission approved Proposal Thirteen in Order No. 1153 (January 20, 2012).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Media Mail – Library Mail mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

The Postal Service presented a reorganization of the MODS, NDC, and NONMODS mail processing cost pools in Docket No. RM2018-10, Proposal Seven. The Commission subsequently approved Proposal Seven in Order No. 4855 (October 12, 2018). The cost pools presented in the 'Cost Pool Data' worksheet (page 2) of the USPS-FY18-15 Media Mail – Library Mail mail processing cost model were modified to comply with the Order No. 4855 methodology.

Based on this recent activity, the Media Mail – Library Mail mail processing cost model (USPS-FY19-15) can be viewed as representing the operating conditions in place during in the ACR fiscal year. In addition, the age of the cost model input data should ensure that the cost estimates are robust. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

### **Bound Printed Matter (BPM) Mail Processing and Transportation Cost Models**

The BPM mail processing cost model continues to rely on the Docket No. R2006-1 methodology. The BPM transportation cost model presented in the earliest ACR dockets also relied on the Docket No. R2006-1 methodology, with one exception. Prior to the 2008 ACR, the BPM CRA line item was separated into two line items, one for BPM flats and one for BPM parcels. Since that time, separate transportation cost estimates have been developed for BPM flats and BPM parcels, as well as BPM as a whole (flats and parcels in aggregate).

After the 2009 ACR was filed, the Commission issued ChIR No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPM model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve the Postal Service recommended alternative data inputs. Upon further review, the Postal Service determined that even though the Parcel Post single-piece transportation cost model was no longer presented in ACRs, the cost segment 14 data that were used to calculate the zone-related percentages were still available. It was proposed that these data, now for Retail Ground, be used to estimate the zone-related percentages in future versions of the BPM transportation cost model. The Commission approved the Proposal Twelve cost model in Order No. 724 (May 4, 2011).

The BPM mail processing cost model (USPS-FY19-15) and transportation cost model (USPS-FY19-16) can be viewed as representing the operating conditions in the ACR fiscal year. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which it is possible to update the BPM mail processing and transportation cost models using more recent input data. Although the Postal Service views these Commission-approved models as an improvement over former versions of the models, they will continue to evolve as the network, price structure, and CRA reporting requirements change.

### **Bulk Parcel Return Service (BPRS) Cost Model**

The BPRS cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology. After the 2009 ACR was filed, the Commission issued ChIR No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPRS cost model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the model used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service proposed alternative data inputs to the BPRS cost model. BPRS parcels, by definition, are returned USPS Marketing Mail machinable parcels. The Postal Service therefore proposed that data from the USPS Marketing Mail destination entry cost model be used to estimate the BPRS transportation and delivery costs. The Commission approved Proposal Twelve changes in Order No. 724 (May 4, 2011).

The BPRS cost model (USPS-FY19-16) can be viewed as representing the operating conditions in the ACR fiscal year. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the BPRS cost model. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

### **Business Reply Mail (BRM) Cost Model**

In previous dockets, the Commission has not always filed its own version of the BRM cost model. The official version of the cost model presented in earlier ACR dockets therefore relied on the same methodology presented by the Postal Service in Docket No. R2006-1.



In Docket No. RM2012-2, Proposal Twenty, the Postal Service presented a BRM cost model that relied on new data collected during the summer of 2011. These data were used to develop more accurate fee cost estimates. In Proposal Twenty, the Postal Service also addressed concerns the Commission has expressed in the past with the measurement of the qualified business reply mail (QBRM) worksharing related savings estimate that is also contained in the model.

The Commission approved the use of the new data in Order No. 1383 (June 26, 2012). Order No. 1383, however, dictated that the scope of the QBRM analysis should be expanded to include some manual costs. In addition, the Commission instructed the Postal Service to further refine the QBRM analysis to incorporate the processing steps that low volume recipients incur. Given that the Postal Service explained why a more narrowly defined analysis was appropriate in Proposal Twenty, regardless of the specific volume a mailer receives, it is unclear exactly what the Commission expects to see in future BRM proposals. Regardless, the Postal Service will attempt to investigate alternative QBRM methodologies.

Based on this recent activity, the BRM cost model (USPS-FY19-21) can be viewed as representing the operating conditions in place during the ACR fiscal year. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Parcel Select / Parcel Return Service Mail Processing and Transportation Cost Models**

The Parcel Post (now Retail Ground) / Parcel Select / Parcel Return Service mail processing and transportation cost models presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology in which the cost estimates were derived from one set of costs. As the Commission discussed in Order No. 118 (October 22, 2008) and Order No. 156 (December 23, 2008), the Postal Service is now able to provide separate and distinct mail processing and transportation cost data for Retail Ground, Parcel Select, and Parcel Return Service mail. In Docket No. RM2010-5, Proposal Twenty-Eight, the Postal Service proposed to eliminate the Retail Ground mail processing and transportation cost models, as they were no longer necessary to support the existing price structure. The Commission approved Proposal Twenty-Eight in Order No. 394 (January 21, 2010).

In Docket No. RM2009-10, Proposal Fourteen, the Postal Service presented new mail processing and transportation cost models that could be used to estimate costs for the Parcel Select and Parcel Return Service price categories. While the mail processing and transportation cost estimates for Parcel Select and Parcel Return Service were derived from separate and distinct cost data, they were contained in one mail processing cost model and one transportation cost model, respectively. The Commission approved Proposal Fourteen in Order No. 339 (November 13, 2009).

In Docket No. RM2011-5, Proposal Thirteen, the Postal Service presented a new Parcel Select / Parcel Return Service mail processing cost model that relied on the Docket No.

RM2010-12, Proposal Seven methodology. The Commission approved Proposal Thirteen in Order No. 719 (April 28, 2011).

In Docket No. RM2011-6, Proposal Fourteen, the Postal Service proposed that the Parcel Select / Parcel Return Service transportation cost model should be modified in the following ways: (1) the transportation cost estimates should only be presented for the current price categories, (2) the transportation legs for the non-destination entry price categories should be estimated using PostalOne! Data, (3) the official revenue, pieces and weight (RPW) volumes should be incorporated into the analysis, (4) the Parcel Return Service transportation costs should be distributed using the same method that is relied upon to distribute Parcel Select transportation costs, and (5) a new methodology should be incorporated to estimate the return network distribution center (RNDC) cubic foot miles by zone. The Commission approved Proposal Fourteen in Order No. 719 (April 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed "Lightweight Parcel Select" and were moved to the Parcel Select Competitive product. In Docket No. RM2012-8, Proposal Eight, the Postal Service presented a revised Parcel Select / Parcel Return Service mail processing cost model into which the Lightweight Parcel Select price categories had been incorporated. The Commission subsequently approved Proposal Eight in Order No. 1567 (December 6, 2012). Given that Parcel Select is zoned and Lightweight Parcel Select is not zoned, the Lightweight Parcel Select price categories were not incorporated into the transportation cost model. It was therefore not necessary to file any related proposals at the Commission. Instead, the Parcel Select transportation costs are estimated using cost segment data that represents Parcel Select only and excludes Lightweight Parcel Select costs.

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Parcel Select / Parcel Return Service mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

In Docket No. RM2017-10, Proposal Six, the Postal Service presented modified versions of both the mail processing and transportation cost models. The mail processing cost model was modified to: (1) correct errors found in the model, (2) incorporate updated data into the analysis, (3) remove data related to discontinued price categories, (4) introduce Full Network cost models into the analysis, and (5) include additional Ground cost models into the analysis. The transportation cost model was modified to: (1) correct errors found in the model, (2) incorporate new and updated data into the analysis, (3) remove data related to discontinued price categories, (4) introduce Full Network transportation costs into the analysis, and (5) distribute the DNDC

intermediate transportation costs using cubic feet rather than cubic foot miles. The Commission subsequently approved Proposal Six in Order No. 4228 (November 20, 2017).

The Postal Service presented a reorganization of the MODS, NDC, and NONMODS mail processing cost pools in Docket No. RM2018-10, Proposal Seven. The Commission subsequently approved Proposal Seven in Order No. 4855 (October 12, 2018). The cost pools presented in the 'Cost Pool Data' worksheet (page 2) of the USPS-FY18-NP15 Parcel Select / PRS mail processing cost model were modified to comply with the Order No. 4855 methodology.

In Docket No. RM2019-14, Proposal Eight, the Postal Service presented modified versions of both the mail processing and transportation cost models. The proposed mail processing model included a new mail flow for machinable DSCF 3-digit presort parcels that was designed to cover negotiated service agreements (NSA). In addition, Parcel Return Service data that were collected during a 2018 field study were incorporated into the cost model. The proposed transportation cost model included cost estimates for Parcel Select Lightweight (PSLW) mail pieces. Previously, the model did not contain any PSLW cost estimates. The Commission approved Proposal Eight in Order No. 5299 (November 12, 2019).

Based on this recent activity, the Parcel Select / Parcel Return Service mail processing cost model (USPS-FY19-NP15) and transportation cost model (USPS-FY19-NP16) can be viewed as representing the operating conditions in the ACR fiscal year. In addition, the age of the cost model input data should ensure that the cost estimates are robust. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.